INSURTECH CAUGHT ON THE RADAR

HYPE OR THE NEXT FRONTIER?
EXECUTIVE SUMMARY

CURRENT STATE OF INSURTECH

InsurTech – the term that captures the many and various facets of new uses of digital technology in the insurance industry – has been attracting a great deal of interest from founders, investors, and incumbents. In line with this, investments in InsurTechs have increased significantly. A good chunk of this investment is coming from insurers and reinsurers. This underlines the industry’s strong belief in the necessity of change and the increasing relevance of new technologies to become more customer-centric, cost efficient, and even to re-invent the business of covering risk with new business models.

Not surprisingly, InsurTech has become a hot topic amongst venture capital investors. A number of major deals have hit the headlines over the past two years, including the $930 million investment in China based Zhong An, the $500 million raised by the digital HR platform Zenefits, and the $400 million investment in Oscar, a New York based healthcare insurance startup. The total number of InsurTech investments is still on the rise.

Surprisingly, this surge of interest has taken place in something of an analytical void. Though there have been many InsurTech-related articles and a number of studies, none of these have really asked the fundamental questions and provided meaningful guidance. What has been missing is an unbiased, well-structured, and in-depth analysis of the InsurTech landscape.

In short, a report which identifies the different existing business models and provides guidance by assessing InsurTech activities and projects which represent the next frontier in the insurance universe.

Oliver Wyman and Policen Direkt’s global InsurTech Radar attempts to fill this gap by bringing onto the radar the previously unseen. Based on our global InsurTech database and our joint industry experience, we have developed a practical and consistent framework combined with a strong assessment logic, which not only reports about the status quo but analyzes the drivers behind the phenomenon in order to make forward-looking statements.

THE FRAMEWORK

Our framework follows the insurance industry value chain from proposition, to distribution, and operations. Within these three segments, we have identified 19 distinct InsurTech business model categories. We are assessing these by analyzing their individual market potential as well as their chances of success, especially their capabilities of matching needs and behaviors of all parties acting across the insurance value chain, namely customers, suppliers and all other partners a risk carrier is interacting with.

For each business model category, we then conclude who is most likely going to reach the next frontier of success – InsurTechs, established (re)insurance players, pure tech players, or attackers from adjacent areas.
OVERALL PICTURE

The overall picture that emerges from our InsurTech Radar is, first of all, that different business model categories vary significantly in terms of overall level of economic attractiveness and degree of startup activity. While some see little startup activity, others already appear overcrowded. The number of InsurTechs active in a category is not always in line with its relative attractiveness.

Secondly, even in the most attractive business model categories, it is not clear that InsurTechs will disrupt the industry and make the race. The players most likely to succeed vary by category. InsurTechs will not always be the winners. There are several categories in which either incumbents embracing digital change or firms from outside the insurance industry are most likely to succeed.

Thirdly, a number of underdeveloped categories present attractive opportunities. To be successful in these areas will require innovators to get creative on “demand side” thinking creating models that fundamentally change how risk coverage is presented and sold to customers, models that are not merely digital updates of traditional or slightly altered insurance propositions. Such thinking – substantially different from the “supply side” models of the current, first wave of InsurTechs – is essential for uncovering latent customer demand for risk cover.

Segment 1: Proposition

The proposition segment is less than half the size of the others. It is also the most varied in terms of outlook. The InsurTech Radar shows that there is currently a major mismatch in this segment between the categories with the highest level of startup activity and those with the greatest overall potential. Examples include Situational and Community-Based business model categories which we see as over-emphasized. Nevertheless, the proposition segment includes some of the most attractive categories of any InsurTech segment, as they represent true innovation on how risk coverage is presented and sold to customers – some of these currently see relatively little activity so far (such as the Risk Partner business model category).

While the news here is good for established insurers, in that they are likely to be the winners in several of these attractive categories, it is also quite clear that InsurTechs are here to stay. The emergence of newly funded and fully digital insurance carriers might bring forward real breakthroughs. It is very likely that the segment will look quite different in a few years.

Segment 2: Distribution

The InsurTech Radar shows the distribution segment to be much better matched in terms of the level of activity and the categories with the highest likelihood of success. On the down side, all but two of these areas have, comparatively only moderate potential at best, due either to limited premium pools, challenges in sustaining value generation, little opportunity for differentiation, or some combination of these (such as B2C Online Brokers). As in the proposition segment, some of the most crowded categories are also likely to see a shakeout.
**Segment 3: Operations**

The operations segment is the most consistent of the three: Only one business model category here currently shows limited potential (the “Balance Sheet / Financial Resource Management” category). Most others are highly attractive. InsurTechs are likely to dominate the segment, albeit sharing honors in the underwriting category with reinsurers.

**OUR VIEW OF THE FUTURE**

In looking at the bigger picture, this report identifies areas of substantial potential in InsurTech in categories that are as yet not being fully exploited. One key reason for these surprising gaps in the investment landscape is likely that much of the first wave of digital investment originated from legacy “supply side” thinking. InsurTech opportunities were seen in digitizing the value chain of existing insurance product-lines, or in attempts to apply e-commerce thinking to the insurance industry. As this report shows, such methods might work in some categories but miss the bigger picture. They have a blind spot for some of the most attractive opportunities, which require truly innovative engagement models that go beyond the current value chain. However, exploiting these opportunities requires a major change in approach.

We expect a second wave of InsurTechs to emerge that are more industry-savvy and better prepared than their first-wave peers. These InsurTechs will create new forms of consumer and partner engagement, incorporating true “demand side” thinking. To succeed in the most promising of these areas, such as the “Risk Partner” category, InsurTechs need to make much more creative and ambitious moves, using and creating real customer pull to actualize this largely unrealized potential. However, InsurTechs are not alone. Incumbents are catching up. Digital innovation has become a top priority on the radar of most insurance CEOs. The race to the next frontier is on.
INSURANCE TECH is one of the hottest areas in the insurance industry. Given the size and relevance of the insurance industry and its relatively low degree of digitalization, founders worldwide have ventured out, trying to disrupt the industry. It is therefore unsurprising that, according to data from CBInsights, total deal activity has increased seven-fold over the past decade, averaging $1.7 billion a year from 2014 to 2016, compared to $250 million a year, from 2011 to 2013 (See Exhibit 1). Some mega-funding rounds – such as the ones from Zhong An ($930 million), Zenefits ($500 million), or Oscar ($400 million) – have made headlines. The launch of US-based Lemonade and Trov have generated a huge media buzz and a good deal of investor excitement.

This excitement is increasingly shared by incumbents. While many insurance companies initially ignored InsurTech activities and denied their relevance, the picture has clearly changed. Virtually all major insurers and reinsurers have initiated digitalization programs. Quite a few have responded by setting up captive accelerator or incubator programs, or by making direct investments (See Exhibit 2).

Just how important is InsurTech to the industry? Will InsurTechs be only a minor disturbance, a footnote in the history of an established industry accustomed to thinking in terms of decades if not centuries? Or does InsurTech represent something more serious – not just hype but a new frontier, perhaps even a peril to incumbents? And will InsurTechs bring salvation to the industry and bring insurance to the next level by unlocking the power of customer-centric thinking and digitalization?

Surprisingly, despite the general surge of interest in InsurTech, the subject has taken
place in something of an analytical void. Initially, InsurTech was regarded as an aspect of FinTech (financial technology) and not analyzed separately. Given the number of startups active in this space, this seems to be no longer appropriate. Over the recent years, the number of InsurTech-related articles and blogs has increased significantly.

We believe that none of the available articles and reports have really asked the fundamental questions on the subject or provided meaningful guidance. What is missing is an unbiased, well structured, and in-depth analysis of the InsurTech landscape, a report which identifies the different business models and provides guidance by assessing the InsurTech activity and coming up with a forward-looking view on who will win the game – InsurTech, incumbents or other (tech) players? Moreover, which areas are already overcrowded and which present significant investment potential? Are there new or unexplored business opportunities? Is the drop in funding in 2016 only a side effect of larger mega-deals or an indication that many InsurTechs did not live up to their promise and investors are already pulling back?

Oliver Wyman and Policen Direkt’s global InsurTech Radar attempts to fill this information gap by bringing onto the radar the previously unseen. Based onto our global InsurTech database and joint industry experience, we have developed a practical and comprehensive framework combined with strong strategic-assessment logic. We will outline our approach in the following section.

Exhibit 2: (Re)insurance investment activity

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<th>NUMBER OF INVESTMENTS</th>
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<td>100</td>
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<td>50</td>
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<td>25</td>
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Source: CBInsights
The basis of this report is a proprietary database of the worldwide InsurTech landscape. The database contains more than a thousand InsurTechs and other relevant players, such as FinTechs evolving into the insurance space or general tech players that help solve insurance problems. While we take a global approach, we acknowledge it is virtually impossible to present a completely accurate picture of the relevant players, as the picture is changing constantly. Many InsurTechs begin under the radar before they become observable by a broader audience. Players pivot their business models or – in line with general statistics about startups – go out of business, are bought, or disappear, some with a bang, others in silence. Therefore, our database is a continual work in progress and will change over time.

In developing the Radar, we brought to bear our joint industry experience – Oliver Wyman as a leading global strategy consulting firm with vast experience in insurance and digitalization, Policen Direkt as insurance entrepreneurs and investors in InsurTech.

Our view of InsurTech is captured on the InsurTech Radar. We choose the analogy of a radar display to signify our intention to identify emerging and previously unseen industry patterns.

As a first step, we have developed a practical and comprehensive framework that tracks the insurance industry value chain from proposition, to distribution, and operations. We classified all InsurTechs in our database by distinct business
model categories and mapped each category in the industry value chain.

The current level of InsurTech activity is measured by the number of such firms active in any given category as a percentage of the total number of database entries. This measurement provides some interesting insights in itself.

As a second step, we assessed the business model categories by analyzing their individual market potential as well as their chances of success, especially the capacity of the risk carrier to interact with other parties besides the customer, parties such as distributors, claims assessors, outsourcers, regulators, and others. For each category, we then conclude who is most likely going to succeed – InsurTechs, established (re)insurance players, pure tech players, or encroachers from adjacent industries.

When displaying the InsurTech Radar results, we group worldwide activities into three geographic regions: Americas; Europe, Middle East and Africa (EMEA); and Asia Pacific (APAC). For each geography, we provide numerous examples that we found relevant. Again, this selection is subject to change.
To map the global InsurTech activities, we have developed a practical and consistent framework that follows the insurance industry value chain. To reduce complexity, we divided the value chain into three aggregated segments (i.e., InsurTech radar slices): proposition, distribution, and operations. We feel this level of detail is adequate for producing meaningful results.

All InsurTechs in our database were analyzed and classified into 19 distinct business model categories within the three industry value chain segments (See Exhibit 3). In many cases, InsurTechs touch upon more than one category. We have classified these by what we perceived as the current focus of their activities. Unlike in previous studies, we did not consider IoT (Internet of Things) as a stand-alone category. From our perspective, IoT is not a business model but rather an enabler of different business model categories, such as “Situational” or “From Insured to Protected.”

We have been building the database for more than two years and have seen InsurTechs change categories as they pivot to adapt their business model to market feedback. We believe this will continue, especially for players active in categories that are less attractive. A well-known example is Germany-based Friendsurance, one of the pioneers of peer-to-peer (P2P) insurance, which still uses the P2P model, but is now re-positioning itself as a low-cost play, primarily offering consumers savings without the need to switch their insurer.

The following business model categories emerged by applying our framework:

**Proposition**

This InsurTech Radar segment focuses on companies developing insurance-based products and services. It contains six business model categories of varying viability and development. Those are: Low Cost, Situational, Community-based, From Insured to Protected, Risk Partner, and Digital Risks. All six categories have meaningful levels of activity in one geographical region or another, though some represent the lowest activity levels of all categories.

**Distribution**

This segment concerns selling insurance-based products and services to customers. It includes B2B and B2C models, as well as direct-to-consumer approaches. Several of these business models also make use of comparison engines in one form or another. The eight categories in this segment are: D2C (direct to consumer), Price Comparison Websites (PCW), Affiliate Integration, Corporate Platforms, B2C Online Broker/Value Comparison Websites (VCW), B2B Online Broker/VCW, Financial Partner, and Life Digitizers. Overall, there is a moderate to high level of activity in most categories and in most geographical regions.
Operations

The Operations segment concerns enabling and running insurance businesses and the relevant processes within them. The go-to-market approach of business models in this segment is to position themselves as playing a vital part in improving the efficiency and capabilities of how a risk cover is (digitally) “manufactured”. Businesses in this area typically focus on one of a number of fundamental insurance capabilities.

The five categories in this sector are: Digital Sales Enabling, Underwriting, Service and Administration, Claims Management, and Balance Sheet and Financial Resource Management.

There is significant activity in almost all categories.
When looking at the identified InsurTech business model categories, we apply a stringent assessment logic. We are analyzing each category’s individual market potential as well as their chances of success, especially the capacity of the risk carrier to interact with other parties besides the customer, parties such as distributors, claims assessors, outsourcers, regulators, and others. For each category we then conclude who is most likely going to succeed – InsurTechs, established (re)insurance players, pure tech players, or attackers from adjacent areas. In the following section, we outline our assessment logic and its factors in greater detail.

**MARKET POTENTIAL**

We have taken a quantitative and fact-based approach to assessing the market potential of each category. While this seems intuitive, we have not yet seen it applied in a consistent and comprehensive way elsewhere. Our approach reveals a number of very interesting results that might surprise some readers of this report.

Each category’s overall potential is assessed in terms of the size of the targeted premium pools and how much of this the given business model can address (See Exhibit 4).

**Premium Pools**

The size of the potential premium pool addressed can vary substantially between different business model categories. An InsurTech active in the Western European Life sector has a market potential eight times the size of a Non-Life player in APAC. In general, premium pools are biggest in Life. Personal Accident & Health offers – relatively speaking – less than half this potential.

**Value Generation**

The second element of the market potential assessment looks at the degree of value chain coverage. The general rule is quite easy: the higher the coverage, the higher the market potential. The amount of value that an InsurTech can generate from a given premium pool strongly depends on where it is active in the value chain (See Exhibit 5). For a business focused on removing costs from distribution, there would be – relatively speaking – a much greater potential in P&C than in Life. A newly founded digital carrier can generate business from all value chain elements of a given premium pool, a pure Life distribution model addresses only about 5 percent of the premiums.

To produce a single estimate of a category’s overall market potential, we consider both the premium pool and the value chain element addressable by business models in a given category. In the case of the Balance Sheet and Financial Resource Management category, for instance, the overall assessment is of medium potential, while that for the Situational category is lower.
Exhibit 4: Global insurance market

GLOBAL WRITTEN PREMIUMS IN INSURANCE
US$ BILLION

<table>
<thead>
<tr>
<th>Region</th>
<th>Life*</th>
<th>Non-Life</th>
<th>Personal Accident and Health</th>
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</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>10.7%</td>
<td>4.6%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>6.7%</td>
<td>2.0%</td>
<td>15.8%</td>
</tr>
<tr>
<td>Middle East and Africa</td>
<td>13.0%</td>
<td>12.1%</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>16.5%</td>
<td>6.1%</td>
<td>3.9%</td>
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<td>Latin America</td>
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<td>Caribbean</td>
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<td>Developed APAC</td>
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<td>Developing APAC</td>
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</table>

* Life includes protection, investment and annuities

Source: AXCO database, 2015 figures

Exhibit 5: Value distribution along value chain

IDEALIZED ALLOCATION OF INSURANCE PREMIUM TO VALUE CHAIN ELEMENTS*

<table>
<thead>
<tr>
<th>Element</th>
<th>P&amp;C</th>
<th>Life**</th>
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<tbody>
<tr>
<td>Savings</td>
<td>60</td>
<td>85</td>
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<tr>
<td>Losses</td>
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<tr>
<td>Operations</td>
<td>2.5</td>
<td>5</td>
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<tr>
<td>Loss adjustment expense</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td>15</td>
<td>5</td>
</tr>
</tbody>
</table>

* Illustrative split shown orientated on mature markets – emerging markets might deviate materially
** Life includes protection, investment and annuities

Source: Oliver Wyman, Policen Direkt
CHANCES OF SUCCESS

Chances of success: Two dimensions were used to evaluate the chances of success for each of the identified business model categories. We refer to them as “consistency” and “differentiation.”

Consistency

In terms of consistency, we assessed whether a business model reflects the natural behavior of the involved parties. This is particularly critical in terms of the model’s fit with natural consumer behavior. Much of the insurance business is essentially “push” when it comes to non-compulsory and more complex products. This means that even though customers might have a latent interest in risk coverage, they do not actively search out and buy insurance products. An InsurTech business model that assumes high customer “pull” needs to be certain that consumers actually behave as expected. While this seems obvious, it is one of the most striking mistakes many InsurTechs have made so far. They simply ignored customer behavior or – put positively – were expecting certain changes in customer behavior to occur a decade before they could happen.

In many cases, however, customers have a latent demand for insurance products. “Latency” refers to the fact that the need is there – customers know they could or should think about protection products – it is just not strong enough to trigger an active search. A business model with an innovative approach that reaches the customer at the “right” moment with the “right” engagement will be able make a sale (such as selling a warranty extension for a high-value smartphone in the emotional moment the much desired smartphone is purchased).

Differentiation

Differentiation examines whether a player can erect sufficient and sustainable barriers to entry that can protect its business model against competition, be it from other InsurTechs or incumbents. Potential barriers to entry include economies of scale and scope, building a clearly differentiated brand, or maintaining a lasting technological advantage. Achieving an adequate level of differentiation is critical to the long-term sustainability of any business. Again, this sounds obvious, but we have seen substantial investment going into InsurTech business models with very limited potential to defend their space. This leaves them only a short timeframe to pay back the investment. If their business case takes a long-term view, they will face increasing customer acquisition costs from rising competition before they break even. Crowded business model segments with limited potential for differentiation will be the first to see an InsurTech shakeout.

As with the assessment of market potential, we combine differentiation and consistency to produce a single rating of the chances of success in a given category. As InsurTech businesses require both consistency and differentiation to be successful, a lower rating in either element will tend to pull down the overall rating.
STRATEGIC ASSESSMENT

The strategic assessment shows an aggregated view on the overall potential by combining market potential and chances of success.

LIKELY WINNERS

To determine the most likely winners, we combine our assessments of market potential and chances of success. We also factor in forward-looking elements such as relevant trends in customer behavior, the insurance industry, and technological developments. Our judgment is then based on which assets play the most vital role in building the core elements of the business model category – be it the agility of an InsurTech unencumbered by legacy, a unique asset of an industry player like the deep underwriting knowhow and data of a reinsurer, or the better customer access of a partner distributing insurance products.

The winners per business model category vary. In many areas, InsurTechs will be game changers that are well positioned to succeed. Other categories will be dominated by innovative insurers or reinsurers (increasingly active in moving closer to the end customer), by agile brokers, by FinTechs, by general tech players, as well as – on a few occasions – by players entirely outside the insurance industry but with relevant customer access to sell innovative solutions that include insurance products.

While we strongly believe that our framework and assessment logic are powerful tools in determining winners (and losers), we would like to point out the following:

The attractiveness of a given category is assessed on a relative basis against the overall industry. In a “less attractive” category globally, a niche focus might still be a good market for some players in some geographies. A niche in the global insurance sector can be fairly large.

There are very few “winner takes all” business model categories. In most of them, there will be more than one winner, with no single company becoming the world market leader and a monopolist. Hence, in the categories where InsurTechs are likely to succeed over incumbents, there will be many companies sharing the value. Similarly, just because InsurTechs will win in a certain category does not necessarily mean that current, established players will be made obsolete.

Since the market potential of a given business model category can differ significantly, not all winners will be equally valuable and create equally successful exits. This strongly depends on the addressed market potential.

Even in “less attractive” categories or those won by incumbents or tech players, there might be room for successful InsurTech companies – it is merely less likely and such firms will not be as valuable as their peers in the “hot” categories.

In the following sections we go through the value chain segments, business model by model, and provide detailed insights.
The six business model categories in this value chain segment contain businesses that offer innovative insurance-based products and services, either on a stand-alone basis or as part of a broader offering. The segment represents about one-fifth of current InsurTech activity, making it the smallest segment (See Exhibit 6). InsurTechs face strong competition from established insurers. Nonetheless, there are significant opportunities for those pursuing opportunities along the right avenues. The segment might in the future even bring forward the first true insurance disruptors.

A comparison of InsurTech activity and our assessment of their potential reveals a mismatch running across almost all business model categories (From Insured to Protected being an exception). The highest level of activity in the segment is currently in the two (comparatively) least promising areas (Situational and Community Based), while two of the three attractive categories have seen – up to now – low levels of activity (Digital Risks and Risk Partner). One of the three, the Risk Partner category, has the lowest level of investment of any of the categories within this segment even though it is one of the areas that might generate truly disruptive business models one day (together with Low Cost).

Exhibit 7 shows a global comparison of InsurTech activities including relevant examples per business model category and the level of activity therein.

In the following sections, we will go through the identified business model categories, explain their approach, highlight the different plays and give individual assessments.
### LEVEL OF INSURTECH ACTIVITY

<table>
<thead>
<tr>
<th>PROPOSITION</th>
<th>19%</th>
<th>AMERICAS</th>
<th>EMEA</th>
<th>APAC</th>
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<td>1 LOW-COST</td>
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<td>- Health IQ</td>
<td>- Alan</td>
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<td>- Melody Health Insurance</td>
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<td>- Swyfft</td>
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<td>2 SITUATIONAL</td>
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<td>- Metromile</td>
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<td>- Sure</td>
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<td>3 COMMUNITY-BASED</td>
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<td>- Gather</td>
<td>- Cycle Syndicate</td>
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<td>• Prince Insure</td>
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<td>- MaTontine</td>
<td>• Zhongtuobao</td>
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<td>- World Cover</td>
<td>- Prvni Klubova</td>
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<td>4 FROM “INSURED” TO “PROTECTED”</td>
<td></td>
<td>- Bright Health</td>
<td>- Carrot Insurance</td>
<td>• Carmen Automotive</td>
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<td>5 RISK PARTNER</td>
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<td>6 DIGITAL RISKS</td>
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Source: Oliver Wyman, Policen Direkt
LOW COST WE ARE THE PRICE/COST LEADER FOR TARGET CUSTOMERS

INSURTECH RADAR RATING

<table>
<thead>
<tr>
<th>Current level of activity</th>
<th>Strategy assessment</th>
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<td>Market potential</td>
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<td>Chances of success</td>
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<td>Likely winners</td>
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In this category, players use the benefits of a digitalized operating model to achieve cost and/or price leadership. Startups, such as Alan in France, Element in Germany, and Zhong An in China, achieve this through digitally enabled, low-cost operations, where manual labor is reduced to the minimum. Such capabilities enabled Zhong An to underwrite more than 210 million – simple – policies during the 2016 “Double 11 Festival” in a single day; many large and well-known traditional insurers do not write as many policies in an entire decade. Other companies, like Hastings Direct in the UK, are agile adaptors who are very fast at reacting to changes in the real world, such as changing customer demands. These companies seek to be among the first to adapt their offerings and pricing to changing environments by rapidly translating new positioning opportunities into targeted low-priced products, winning the best business from companies that have failed to react to real-time changes.

Loss minimization is another play in this segment. Players seek to minimize their losses through the extensive use of digital solutions in their underwriting, claims process, claims structure, and control of fraud. One example of this approach is that of Friendsurance in Germany, which uses a loss pooling mechanism to pay small claims. When combined with the impact of community effects, this produces savings from the aggregated effect of higher deductibles and lower losses incurred from fraud, allowing them to position themselves as delivering the same coverage at a lower price.

Digitally enabled sales of insurance policies can sometimes reduce distribution costs, though this is not always the case. Often, digital distribution is even more costly than traditional distribution channels due to the high level of competition over the digital channels and oligopolistic structures of digital players needed for lead generation.

InsurTechs, such as BIMA (Sweden) or MicroEnsure (UK), use digitally-enabled operations to provide low-cost insurance in developing countries, environments where larger numbers of people are uninsured or underinsured and can only afford small premiums.

Assessment

The Low Cost category is one that currently sees a fairly low level of activity but presents high potential and good chances of success. Building up a successful business model requires high funding. Consequently, it is a category that InsurTech investors are likely to examine carefully.
SITUATIONAL
WE PROVIDE
INSTANTANEOUS SHORT-TERM COVER TO MEET YOUR CURRENT NEEDS

INSURTECH RADAR RATING

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<th>Current level of activity</th>
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<td>Strategic assessment</td>
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<td>Market potential</td>
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<tr>
<td>Likely winners</td>
<td>InsurTechs</td>
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Situational insurance products offer need-based coverage for policyholders. The main play in this category is short-term coverage for individual risks arising in specific situations. For example, situational cover may be required when using a friend’s car over the weekend or lending out an expensive device, such as a camera. Mobile apps or web pages are used to conclude the contracts. InsurTechs, including Sharenjoy (Spain), Trov (US) and Bigins (China), follow this approach.

Situational insurance also includes product offerings that factor in real-time data gathered from customer interactions. These data are used either to adapt the scope of the coverage or the pricing. Real-time data include geolocation, point-of-sale data and behavioral data. Verify (US), for example, offers real-time, on-demand, drone insurance pricing for recreational and commercial flights. Established players are also active in this area. Sure Inc. (US), for example, provides insurance to protect against “life’s unexpected moments,” providing coverage “whenever you want and for anything you need.”

Other situational offerings include Internet of Things (IoT)-enabled products that track customer behavior and reflect the insights in the insurance pricing. “Pay as you drive” and “pay how you drive” are typical examples of such a play. InsurTechs that have adopted this approach include Metromile (US) and Marmalade (UK).

The core challenge with situational plays is that insurance is inherently a low-interest, low-frequency product. So while the idea to adapt the insurance cover to specific situations is promising in theory, it often requires too much effort to put into practice. Too much effort typically translates into too-high customer acquisition costs, ruining the business plan’s unit economics: Many customers will sign up, but then not go through the trouble of using the coverage when an applicable situation arises. Hence, to be successful, situational plays need to be high frequency and have a highly relevant platform on which they offer a hassle-free way to adapt a coverage. One example where this is the case is that of car insurance products that exclude drivers below a certain age such as in Japan or Germany. When kids occasionally want to use the car, a one-day product can lift a prohibition against it, and this presents a facility that is relevant for parents at a specific moment. In this example, a conventional motor insurance product builds the platform.

Assessment

This is a category with a medium to high level of activity, along with comparatively low chances of sustainable success for InsurTechs; as stand-alone offers for situational insurance suffer from the low-frequency, low-interest
phenomenon. This combination makes this area particularly vulnerable to a shakeout when premium volumes realized by InsurTechs are not picking up as planned. This, however, is likely to leave the surviving InsurTechs in a better position to succeed in this difficult category. A successful play might actually be the offering of situational propositions for partners that have a high-frequency platform – however, we classify these models as “sales enabling” as part of the operations category.

3 COMMUNITY BASED
WE USE COMMUNITY MECHANISMS TO LOWER THE COST OF SALES OR RISK

The first play in the community-based insurance category is a “back to the roots” concept in which InsurTechs seek to reflect the basic idea behind insurance: that of socializing risks. A relevant risk that is too big to carry for an individual is shared between a group of individuals who are facing the same risk. Since the likelihood that a given risk hits all people at the same time is very small, the insurance premium becomes affordable for all members of the group and the impact of adverse events is lessened. InsurTechs call this peer-to-peer (P2P) insurance. Digitalization offers new opportunities for individuals to form groups with similar (risk) characteristics. We might call these “micro mutuals” to differentiate them from “mutuals” – that is, classical insurance companies – that mutualize the risks of large communities of individuals, namely all the people who are insured under a certain insurance tariff. The P2P community is connected via digital channels, online referrals, and online communities. InsurTechs, such as Guevara (UK), insureapeer (US), Tongjubao (China), and Prince Insure (Australia), have established their businesses around this idea.

Another play within this segment attempts to solve one of the biggest challenges for selling insurance products online. The idea is to use “positively connotated” topics within communities to lower customer acquisition costs – in essence, by building a strong brand for a specific community. This is all about gaining credibility and creating positive attention for a product. Lemonade (US) has strategically positioned itself to create a positive feeling within the customer base by donating a part of its gains to charitable organizations and other elements of its business model all based on behavioral insights. In another example, Community Life, a German InsurTech, positions itself as fair, transparent, and not driven by self-interest. Another community-based model is seen in companies that use digital versions of referral marketing using digital word-of-mouth marketing to reduce their acquisition costs. Haftplichthelden (Germany), for instance, combines its “young and fresh” positioning with “bring a friend” financial incentives.

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<th>INSURTECH RADAR RATING</th>
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<td>Current level of activity</td>
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<td>Strategic assessment</td>
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<td>Market potential</td>
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<td>Chances of success</td>
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<td>Likely winners</td>
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</table>
**Assessment**

As in the Situational category, there is currently a medium to high level of activity in this category, but only fairly low-to-medium chances of success. The core reason is the low-interest nature of insurance. Community mechanisms work best if there is an emotional connection to a topic which leads to a high level of engagement. As this is not the case for insurance at large, community mechanisms will likely only work in niches. Given the current high level of activity in this category, a shakeout is to be expected. It is notable that there is a fairly low level of activity in this category in the Americas; Lemonade, however, will likely attract followers.

**FROM INSURED TO PROTECTED**

WE NOT ONLY INSURE YOU BUT ALSO PROTECTED YOU

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<th>INSURTECH RADAR RATING</th>
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<td>Chances of success</td>
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<td>Likely winners</td>
<td>Non-insurance players</td>
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Businesses in the “From Insured to Protected” category are not primarily concerned with insurance products. They concern a promise to “deliver more than only insurance coverage,” that is, to take care of customers’ needs and improve their well-being. This approach is increasingly relevant, in contrast to pure insurance products. The promise stretches across the entire value chain around the actual risk, combining services, products, and insurance coverage. Very often IoT-based measuring and control technologies or domotics (home automation) are involved.

Insured to Protected businesses promise to take care of the issues a customer is facing, not just to sell them insurance cover in case something goes wrong. The intention of such “protection” is to free customers from going through the time-consuming and frustrating exercise of dealing with multiple companies and coordinating various aspects of recovery in the wake of a negative risk event.

One of the main plays in this segment is the promise of being a partner: “Don’t worry, we will help you minimize your distress and/or losses.” One typical approach is to offer protection for the household against hazards within the home (such as a leaking water pipe), as well as from external sources (such as burglary). The appeal of such a package is its comprehensiveness. In the case of a leakage problem, for instance, the InsurTech partner contracts a handyman to fix the leak itself, books a hotel for the family, returns the house to its original state, and compensates the owners for any losses. In an ideal world, the technology will have already identified the leakage problem before serious damage occurs and preventive maintenance will have been carried out, thereby minimizing not only the loss to, but also the distress of, the insured person. Similarly, when somebody has accidentally broken a friend’s television and is obliged to replace it, the partner will offer to directly select a replacement product and have it installed. Chubb (US), for example, combines special insurance with risk analysis, prevention, and services in the event of a claim for cyber
coverage, thereby creating a comprehensive protection package. Other examples of companies providing such services include Insured by Us (Australia) and Zendrive (US).

Another aspect of this proposition in moving from Insured to Protected is to strengthen the customer’s willingness to deal with a topic. InsurTechs such as Oscar (US), eKincare (India), and OTTOnova (Germany) are active in the realm of transforming negative risks into positive promises. The negative risks in all these examples are health problems; the promise is to improve your well-being or, at least, to make you feel better. Rather than simply providing health insurance, these players build a substantial service offer that covers many aspects of health and well-being, including providing tips and offers from partners about maintaining good health and information about disease prevention. These companies also give their customers access to databases designed to help the patient find the right doctor and hospital in order to get treatment.

**Assessment**

This category is very attractive insofar as it tackles a core problem: insurance is a low-interest product. Companies in this category are adding something more interesting to a combined package. There is currently only a medium to high level of activity in this category and therefore invites further InsurTech activity and investment. Unfortunately, at least from the point of view of pure InsurTech startups or established insurers, the winners are likely to be from outside the industry and include players with good customer accesses and a high level of credibility.

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<th>RISK PARTNER</th>
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<td><strong>WE NOT ONLY PROVIDE INSURANCE PRODUCTS BUT ENSURE YOU HAVE EXACTLY THE RIGHT COVER FOR YOUR INDIVIDUAL SITUATION</strong></td>
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**INSURTECH RADAR RATING**

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<th>Likely winners</th>
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<td>Insurers</td>
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Positioning the InsurTech, as a “Risk Partner” is another proposition that rethinks insurance. Though this proposition is about insurance, it is not about selling traditional insurance product lines or products terms. It takes an idea that is already common in the large corporate market, manufacturing coverage that is tailored to a specific company’s individual risks, and presents it to a much wider marketplace. Producing individually tailored coverage has until now been a very expensive proposition. The theory behind this is that the use of digital technology can lower the construction costs for individualized coverage, making it feasible to produce such cover for much smaller premiums.

Risk Partners are insurance companies that position themselves as highly flexible and understanding partners. Their product offerings are adapted to the changing risks on an “as needed” basis, whether this is the amount, the scope, or the time covered. To enable this, the provider needs micro-scalable insurance
policies so that it can adapt the coverage at a granular level. An example of an InsurTech operating in this space is TikkR (Sweden). TikkR allows the customer to control the duration and the sum insured as a platform, which can then be adapted with situational mechanisms to changing needs. Another example from the established company, Allianz, is the “Allianz One” product in Italy, which presents the idea that one needs only a single contract with the company, one that can be micro-tailored to suit individual needs.

Risk Partners also strive to move their products toward the goal of automatically adapting coverage to changing risk profiles through the use of artificial intelligence (AI). InsurTechs in this space include CelsiusPro (Switzerland). CelsiusPro offers to structure tailored, worldwide, index-based solutions that seek to mitigate the effects of adverse weather conditions, climate change, and natural catastrophes.

We also put flat-rate insurance offerings into this category. In one example, the German startup inxure.me covers large personal risks from multiple product lines for a flat fee. While this model is not yet that of a full risk partner, it does present the basic platform for providing the minimum cover needed. This can then be adapted by situational offerings to address evolving needs.

As yet, no InsurTech has entirely met the vision of digitally manufacturing fully individualized cover at the efficiency level required to scale it to a mass-market product. Many, however, are taking significant steps in that direction. Current advances in technology make it entirely possible that in just a few years’ time it will be possible to talk to a chatbot, describing what risks customers wish to cover – and the technology will automatically turn the transcript from this conversation into insurance – with no further terms and conditions required. For this to happen, however, AI programs will need to be able to eliminate all the impreciseness in how consumers variously express themselves and manage the uncertainty regarding areas of cover that have not been clearly excluded in the conversation. In addition, the regulations and wholesale risk markets that are needed to reinsure the insurance provider against large losses will also need to advance before such propositions become reality.

**Assessment**

This is an attractive category for insurers, and InsurTechs will have a hard time. It has a low level of activity but offers high potential and quite high chances of success for investors. This category is therefore likely to attract a good deal of interest from established insurers.
Digital Risks
We cover risks that come with digital technology or digitally enabled models

InsurTech Radar Rating
Current level of activity
Strategic assessment
Market potential
Chances of success
Likely winners

New, formerly unknown risks are evolving as the world is becoming more and more digitalized. This creates opportunities for insurance players. Cyber insurance, for instance, covers losses and damages from cyber attacks on digital systems. US based Zeguro, as one example, offers a cyber insurance platform to help small-medium businesses assess and mitigate cyber risk, while providing them with low-cost, effective cyber insurance. On the incumbent side, Chubb is an example for an established player who is currently offering a diverse range of cyber insurance products. Tech startups focus more on cyber security in general, whereas established insurers offer corresponding insurance products. Creating these products and bundling them together transfers the risk, and allows policyholders to perform their everyday activities confidently, which combines covering digital risks with a “From Insured, to Protected” proposition.

Another play in this segment is to cover risks from new, digitally enabled business models that arise, for example, within the sharing economy or in the area of online reputation. Airbnb, for instance, provides access to protection for its users who are subletting their apartment, automatically covering certain risks, which come with this subletting activity with a wholesale policy from Lloyds. Other InsurTechs focusing on the sharing economy sector include Y-Risk (US), Digital Risks (UK), and SafelyStay (US).

Assessment

As with the Risk Partner category, the digital risks category is likely to attract significant interest from established insurers. Insurers are also likely to win in this category, as the kind of non-disruptive innovation that insurers have been good at over the past century is the only requirement for success here. The category offers high potential with fairly high chances of success for investors, while currently seeing only a moderate level of activity.
OVERVIEW OF OPPORTUNITIES IN THE PROPOSITION SEGMENT

Exhibit 8 summarizes our view on the market potential, the chances of success, and the likely winners per business model category in the proposition value chain segment.

The proposition segment is the most troubled of the three segments. Though only one-fifth of all activity is concentrated here, it is likely that we will see a shakeout in the coming years, especially in two of the categories (Situational and Community-based). Indeed, there are signs that this might have already started to some extent.

Nonetheless, despite these caveats, three categories remain very attractive for investors. These are from Insured to Protected, Risk Partner, and Digital Risks. All three show high potential in that they offer large premium pools and high value generation (See Exhibit 8). Our assessment suggests that established insurers are the likely winners in the Risk Partner and Digital Risks categories, while the From Insured, To Protected category is likely to be captured by players outside the insurance industry who have direct customer access and are already active in the domains of the additional services needed to turn an insurance product into a true protection offering.

The likelihood of a shakeout is highest in two categories: Situational and Community-based. Both offer only fairly low potential at best, but currently have high levels of activity. There are two potential outcomes of this: either the InsurTechs in these categories disappear altogether, or they pivot their proposition toward a new orientation, such as providing their solutions as a Sales Enabling solution to established players. There will nonetheless be individual companies that prosper in these difficult categories given the high market potential. In both, the winning companies are likely to be InsurTechs.
Exhibit 8: Proposition – Overview of potential and likely winners

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<tr>
<th>STRATEGIC ASSESSMENT</th>
<th>MARKET POTENTIAL</th>
<th>CHANCES OF SUCCESS</th>
<th>LIKELY WINNERS</th>
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<td>PREMIUM POOL</td>
<td>VALUE GENERATION</td>
<td>CONSISTENCY</td>
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<td>1 LOW-COST</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>2 SITUATIONAL</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>3 COMMUNITY-BASED</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>4 FROM “INSURED” TO “PROTECTED”</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>5 RISK PARTNER</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>6 DIGITAL RISKS</td>
<td>High</td>
<td>High</td>
<td>High</td>
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Source: Oliver Wyman, Policen Direkt
The eight categories in this segment all focus on the use of innovative digital platforms to reach customers. Currently, just over two-fifths of InsurTech companies are active in this segment. As such, this is the most active segment. As well as having a high level of activity, the segment offers a number of good opportunities. The categories with the best of these opportunities still offer room for further investment (See Exhibit 9).

Somewhat surprisingly, one of the categories that offers InsurTech businesses the greatest chances of succeeding, Corporate Platforms, has a fairly low level of activity outside of the Americas (See Exhibit 10).

We assess one of the eight categories, Life Digitizers, as currently only an emerging opportunity. But a surprising number of mostly technology startups that are not yet monetizing their insurance offerings are already active here in the Americas and Europe, Middle East, and Africa geographies (EMEA).

Exhibit 9: Distribution – Comparison of activities worldwide and strategic assessment

Source: Oliver Wyman, Policen Direkt
Exhibit 10: Distribution - Global comparison of InsurTech activity and selected examples

**LEVEL OF INSURTECH ACTIVITY**

**DISTRIBUTION 42%**

**AMERICAS**
- BrixLi
- Figo Pet Insurance
- Ladder Life
- Sonnet
- Veracity Insurance Solutions

**EMEA**
- Bikmo
- Fibur
- Hellas Direct
- mypension
- Nalo

**APAC**
- EdirectInsure Group
- Frank.co.th

**D2C**

**PCW**
- ClickQuoteSave
- HealthCare.com
- InsuranceLevel
- TuSeguro.com

**AFFILIATE INTEGRATION**
- Matic

**CORPORATE PLATFORMS**
- Benesnap
- Endeavor Plus
- Hixme
- Zane benefits
- Zenefits

**B2C ONLINE BROKER/VCW**
- Covera
- Minuto Seguros
- PolicyGenius
- Quotacy
- Tacyerto

**B2B ONLINE BROKER/VCW**
- Bunker
- CoverWallet
- Embroker
- Trym
- Zeninsurance

**FINANCIAL PARTNER**
- Albert
- Credit Karma
- GuiaBolso
- Mint.com
- NerdWallet

**LIFE DIGITIZERS**
- byeo
- Cake
- DocuHome
- Everplans
- HomeZada
- LegacyShield

**Source:** Oliver Wyman, Policen Direkt
In the D2C category, producers use digital technology to sell their products directly to customers. Internationally, startups like Nalo (France), Ladder Life (US), and fairr (Germany) have begun to intercept the digital search process, utilizing approaches and tools such as SEO, SEA, and SEM. The goal is to achieve a prime position as the go-to digital site for potential customers. The sales pitches of such companies typically stress their cost benefits and ease of use. The downside to this approach is that in order to reach a defensible position, one needs to develop a unique brand positioning in the mind of the consumer – a difficult undertaking for a low-interest product like insurance – or a unique way of intercepting natural searches better than the competition that is only one click away. Their added value may be tangible or simply presumed. In general, InsurTechs in this area mostly focus on life insurance and retirement-savings products.

Established insurers are also active in this field: Geico (US), Admiral (US/UK) and USAA (US) are building online brands using positive credibility spillover effects from their main field of business. HUK24 from Germany is one example of a company where this approach has worked well.

**Assessment**

This category is moderately attractive, offering both a medium level of activity and medium potential. The key issue is a compelling answer to the questions on how to reach customers directly in a cost-efficient way. Large insurance companies have been advertising in this area for many years making head-to-head competition costly. We also assess that the prospects for success for investors in D2C as only moderate.

Price Comparison Websites (PCW) have a simple premise: We save you money. App or website-based comparison engines allow customers to compare products and prices in a quick and easy manner. Most players in this category are generalist PCWs that offer insurance comparisons in multiple insurance lines, along with comparisons of non-insurance products. This broad offering makes it simpler to develop a well-known brand as the “go to” place for savings in the mind of the consumer. PCWs focus on pull-products and make use of large marketing budgets to elevate their profile on multiple channels. The size of the pull matters here – large players have clear market advantages over startups: this can easily lead
to oligopolistic market structures. International companies like Comparadise Group (France), Check24 (Germany), Bought By Many (UK), and CompareGlobalGroup (Hong Kong) are all examples of successful generalist PCWs.

Another play in this segment is that of niche PCWs, which focus on specific insurance needs (such as car insurance only). While this proposition has proven difficult to execute successfully in smaller markets, given limited volume in which to make a niche offering work, there are successful examples in large markets such as the US or India. India’s PoliyX.com is an online website offering price comparison for specific insurance needs. Hippo.co.za (RSA) and The Zebra (US) are other examples of niche PCWs.

**Assessment**

There is not a lot of headroom in the Price Comparison Websites (PCW) category. Although the category offers good potential with medium chances of success, it already has a very high level of activity. This will make entry for new players all the more challenging. For some countries we hardly see the possibility for new market entries unless the players already have developed a strong digital brand in a different field, which they can use to provide PCW services.
it difficult to convince small online business owners that their product is a better mousetrap than that of an existing InsurTech partner who already generates a consistent earnings stream. InsurTechs in this area include Matic (US) and Schutzklick (Germany).

Another model is Cover Genius (Australia), which operates as a B2B2C player in the travel sector, utilizing its global optimization search engine for OTA’s, airlines, travel operators, and their underwriting partners. As with the previous example, the sale of insurance is embedded into the sales process of the partner. There are many more Affiliate Integration plays conceivable beyond the sales integration model currently found.

**Assessment**

The Affiliate Integration category offers InsurTechs investment prospects that are fairly attractive, albeit limited investment prospects. Though we assess the category’s overall potential to be only moderately attractive, given limited potential premium pools under today’s business models, InsurTech’s chances of success in this category are good. Another factor in favor of the category is that it sees only low-levels of activity at present, leaving entrepreneurs and investors plenty of headroom, particularly for “first movers”.

### CORPORATE PLATFORM

**WE DELIVER THE INSURANCE TO EMPLOYEES**

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<td>Chances of success</td>
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<td>Likely winners</td>
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InsurTechs active in the Corporate Platforms category typically aim to sell insurance products via corporates as part of a larger offering – HR being the most prominent carrier platform. In this approach, the insurance product is sold to employees through a platform delivered in conjunction with an additional offering of the employer. Often these platforms include wage-tax levy reducing health and general “life benefits,” which are paid for by the employer if the local tax rules permit. This can also be used for digital forms of traditional worksite marketing.

A popular model here involves the InsurTech delivering free or discounted HR software to employers. The HR software, which is intended to make life easier for the employer, is used as a platform to sell employees benefits (in insurance or even beyond) and other insurance cover, with more or less active involvement of the employer. US-based Limelight and Employment Hero (Australia) provide examples of this approach.
InsurTechs such as Zenefits (US), and HeavenHR (Germany), as well as global HR incumbents like ADP, take the approach a step further by bundling offerings into a platform that delivers not only software solutions, but also HR services such as payroll. Such a product is a more attractive proposition, especially for small- and medium-sized customers.

Another play within the Corporate Platform space is to provide comprehensive employee-benefits platforms. In these businesses, insurance products are typically only one benefit category among many. Benefits platforms aim to negotiate group discounts with product and service providers (such as hospitals, clinics, and gyms), including insurance companies. Usually, employers make the platform accessible to their employees through their intranet. Examples of this approach include ConneXionsAsia (Singapore), and Zane Benefits (US).

The category also includes InsurTechs focusing on on expat benefits such as UEX (Singapore).

**Assessment**

Overall, there is a high likelihood of success for InsurTech firms that get the model right. This area is particularly attractive in Europe and Asia, where levels of activity are presently much lower than in the Americas.

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**B2C ONLINE BROKER/VCW**

**WE OPTIMIZE YOUR PERSONAL INSURANCE COVER**

**INSURTECH RADAR RATING**

- **Current level of activity**: ⭐⭐⭐⭐⭐
- **Strategic assessment**
  - Market potential: ⭐⭐⭐⭐
  - Chances of success: ⭐⭐⭐⭐
- **Likely winners**: Agile brokers/InsurTechs

B2C Online Brokers advertise their offer with slogans such as “insurance made easy.” They currently mainly target tech-savvy urbanites with above-average incomes. The online business model (app or website/portal), supported by call centers and/or chatbots, aims to replace the traditional offline insurance broker. The cornerstone of the offering is often a digital insurance folder showing the customer his portfolio of insurance products in a simple, structured, and transparent way. B2C Online Brokers claim to optimize the portfolio, finding the most suitable insurance product for the customer, not just the cheapest one. These InsurTechs offer not only to compare prices as PCWs do, but also the value of an insurance plan versus its price, (thus we also call them Value Comparison Websites [VCW]).

Some B2C InsurTechs also offer a digital-needs assessment process in their digital insurance offering. This provides an objective approach to deriving the necessary scope of insurance products. They also use big data and machine learning technologies to detect potential trigger events that can be used for selling insurance products.
The problem with this category is, again, that insurance is a low-frequency, low-interest product category. Despite the potentially high spending on a customer’s full portfolio of insurances, the aggregate is still often of low interest. This makes it difficult to market B2C Online Brokers. Many of the B2C Online Broker customers are young, tech savvy, and therefore less “sticky”. They change their online broker much faster than customers of traditional offline brokers. As a result, in general, they suffer from high customer acquisition costs.

A very large number of InsurTechs are active in this segment, including Fluo (France), Brolly (UK), Clark (Germany), GetSafe (Germany), WeFox (Germany), Knip (Switzerland) in EMEA, PolicyGenius (US) and TaCerto (Brazil) in the Americas, and Coverfox (India) and PolicyPal (Singapore) in Asia-Pacific.

**Assessment**

This category has seen substantial activity worldwide. Due to the perceived proximity to other e-commerce business models, investors have provided massive funding to startups. The high number of startups and the slow but sure progress of established brokers in their digitalization efforts has produced high levels of competition. A shakeout is almost certain. Overall, the category offers moderate potential on a comparative basis. However, this is a difficult area in which to build a sustainable business model, so the chances of success for founders and investors are only low to medium. Survivors in this category will include agile brokers, as well as InsurTechs.

### **B2B ONLINE BROKER/VCW**

**WE OPTIMIZE YOUR CORPORATE INSURANCE COVER**

<table>
<thead>
<tr>
<th>INSURTECH RADAR RATING</th>
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<tbody>
<tr>
<td><strong>Current level of activity</strong></td>
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<tr>
<td><strong>Strategic assessment</strong></td>
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<tr>
<td><strong>Market potential</strong></td>
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<tr>
<td><strong>Chances of success</strong></td>
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<tr>
<td><strong>Likely winners</strong></td>
</tr>
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</table>

B2B Online Brokers target freelancers, tradesmen, startups, and SMEs. They make use of web-based value comparison websites (VCW) based on proprietary product comparison engines specifically targeted at the less complex B2B needs to provide tailor-made and cost-effective policies sold via a scalable platform. Digital insurance folders are also part of this offering. This is, in general, a more complex process than personal lines sales and hence offers more space for innovative methods of customer engagement.

Given the more complex nature of B2B versus B2C insurance, B2B Online Brokers typically complement their digital offer by consultation over phone or e-mail. As a result, they usually make use of call centers staffed by qualified sales consultants. Examples in the B2B space include Embroker in the US, UK-based SimplyBusiness (which has successfully expanded into other countries), Germany’s Finanzchef24 or Gewerbeversicherung24, and Inzsure in Asia-Pacific. Because businesses need to protect themselves and insurance cover is mandatory for conducting certain types of business, B2B Online Brokers have a higher chance than B2C Online Brokers of positioning themselves successfully, especially to SMEs.
Moving upmarket from the SME space to industrial business customers, digital tender platforms are another form of B2B Online Brokers. On this model, a broker can use the platform to obtain offers from several insurers in a standardized tendering process without having to worry about committing to an individual insurer before comparing offers. An example of this model is Sobrado (Switzerland).

Given the highly complex insurance needs of customers in these sectors, current business models have maintained high degrees of traditional human consultation and are mostly focused on removing inefficiencies from traditional B2B sales processes. These represent a more bionic offering than pure digital plays, combining digital and human components. Another bionic play is to digitally enhance the capabilities of traditional brokers. This targets the fact that small businesses often get service from brokers focused on small businesses or even personal lines brokers covering the individual owner and, as a byproduct, his business. Once the business grows it can quickly outgrow the capabilities of its broker, triggering the switch of the relationship to another broker company focused on larger businesses. InsurTechs can offer digital solutions to small brokers, allowing them to maintain their customer relationships. An example of this play is FINLEX in Germany, which provides digitally enabled solutions covering financial lines, an area that brokers focused small-businesses typically do not cover but is needed by corporations as they grow.

Assessment

This category offers medium potential, but success is not easy. The B2B Online Broker category, like that of B2C online brokers, will be won by a combination of agile brokers and InsurTechs. However, traditional (re)insurers may see this as an area for acquisitions to expand their digital capabilities (e.g. Travelers’ purchase of SimplyBusiness). Since the level of activity here is still only medium, there is further room for investment.

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<td>Chances of success</td>
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<tr>
<td>Likely winners</td>
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</tbody>
</table>

The claim of the startups in the Financial Partner category is that “we take care of all your personal finances.” Most of the players in this area were founded as FinTechs focused on banking that subsequently extended their products and service offerings into neighboring fields of business, such as insurance. They typically provide web or app-based products that give a full and transparent view of all cash and savings deposits, investment funds, pension plans, and insurance coverages. Most of them offer to reduce banking charges and asset management fees. More sophisticated approaches aim to produce optimal investment strategies for clients that fit their current financial situation, future plans, and personal risk profile. When such an approach uses machine-learning capabilities in combination with big data analysis, the melding of financial
and insurance data can be very powerful. InsurTechs in this category face competition from established banks broadening their product offerings and improving their digital customer interfaces to position themselves as general digital financial partners. Conversely, some insurance companies are working on moves into financial products.

The end game of this category is a promise comparable to that of the Risk Partner category, namely to provide large numbers of clients a service that is currently accessible only to wealthy individuals: private banking. The services cover the vast sweep of a client’s financial needs, including insurance, but are traditionally very expensive to manufacture. Thus, they have only been available to a select few, until now. Financial partners seek to replicate this model digitally at significantly lower costs, compared to the traditional (expensive) private banking model by scaling it up for mass markets. Internationally, there have been many startups in this area. A forerunner among the financial partner startups is mint.com (acquired by Intuit) in the US. Other examples include BankBazaar (India), Bud (UK) and Octobank (Russia). Most of these players are not InsurTechs but FinTechs, whose offerings include insurance. Some InsurTechs cooperate with banks to present compelling offers to customers (such as Clark in Germany partnering with ING DiBa).

Assessment

This is an attractive category, offering both high potential and fairly high chances of success. Unfortunately for the insurers and the InsurTechs, there is also already a fairly high level of activity, and it is very likely that the eventual winners here will be drawn from outside the insurance industry, in offering service for at least banking and insurance products.

LIFE DIGITIZER
WE HELP YOU TO GET RID OF YOUR PAPER FOLDERS

Life Digitizers operate in the cloud and promise to provide customers digital access to essential documents instantaneously. In essence they bring the “paperless office”, which corporations have been investing in for a long time, into the personal life of everyone. Companies currently active in this segment are not pure InsurTechs. However, since their offer includes digital storage of all of a customer’s contracts, this includes insurance contracts. The next logical step after making these documents available is to extract and analyze the data gathered, which generates a wealth of information about an individual’s general life situation. This would allow a player to identify insurance coverage gaps, insurance policies that are too expensive, and emerging insurance needs. All three represent immediate opportunities to initiate an insurance sale.

Well-known examples of Life Digitizers include Amazon Cloud Drive, Dropbox, Evernote, fileee,
Google Drive, and iCloud from Apple. Digitized Life is offered by startups such as Digi.me (UK) and DocuHome (US). This model extracts information from documents and generates leads for insurance products.

SafeBeyond (Israel) has focused on another play within the segment. It offers a “digital time capsule” that provides for easy, secure management and distribution of digital assets. The personal vault uses the extracted information to generate leads and deploy insurance wrappers for inheritance tax optimization. This is sold as a personal vault for personal documents, or as heritage (legacy) management. Such services are offered by LegacyShield (US) and byeo (US), for example.

While all the players in this category have substantial information, which is of relevance to identify latent and emerging demand for insurance products and, hence, to initiate an insurance sale, their problem is that selling insurance is not first on their list of monetization options. Therefore, while the potential is there, we believe that the immediate investment focus of these businesses will be in other areas, and not in insurance, for the time being. Nevertheless, they should be closely monitored for potential changes in priority.

Assessment

The Life Digitizer category is still in the early stages of its evolution. Despite this, there are quite significant levels of activity in both the Americas and Europe. We estimate the current business potential of this category to be low, given that insurance is today not the top priority monetization option of Life Digitizer. Since this category is still in its early stages of development, we withhold judgment about its likely prospects overall.

OVERVIEW OF OPPORTUNITIES IN THE DISTRIBUTION SEGMENT

The distribution segment is solid but offers few truly outstanding opportunities. Though just over two-fifths of activity is concentrated here, no category offers consistently high levels of potential. While some areas have a high premium pool or high potential for value generation, none have both (See Exhibit 11). Indeed, most offer only a medium level, which ultimately limits the overall potential of this segment.

Another characteristic of this segment is the wide variety of likely winners. This includes InsurTechs, agile brokers, general tech players, and FinTechs, but notably does not include the established insurers. Most such firms are fixated on traditional supply-side thinking, rather than on developing new, unconventional forms of distribution. InsurTechs are likely to be among the winners in a number of solid categories with medium or above-average prospects. These include the Affiliate Integration, Corporate Platform, and B2B Online Broker categories. The Financial Partner category is particularly attractive but is likely to be won by FinTechs, while general tech players are likely to win the PCW category.

The outlier is the Life Digitizer category. Currently, we assess this as having low potential, but it is too early to tell how this category will play out over the longer term. High levels of differentiation are possible, so the prospects for this model might need to be revisited in a later report.
Exhibit 11: Distribution – Overview of potential and likely winners

<table>
<thead>
<tr>
<th>MARKET POTENTIAL</th>
<th>CHANCES OF SUCCESS</th>
<th>LIKELY WINNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PREMIUM POOL</td>
<td>VALUE GENERATION</td>
<td>CONSISTENCY</td>
</tr>
<tr>
<td>Low/Medium</td>
<td>High</td>
<td>Medium</td>
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<tr>
<td>High</td>
<td>Medium</td>
<td>High</td>
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<tr>
<td>Low</td>
<td>Low/Medium</td>
<td>High</td>
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<tr>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
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<tr>
<td>Medium</td>
<td>Medium/High</td>
<td>Medium/High</td>
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<tr>
<td>High</td>
<td>Medium</td>
<td>Medium/High</td>
</tr>
<tr>
<td>Open</td>
<td>Open</td>
<td>Open</td>
</tr>
</tbody>
</table>

Source: Oliver Wyman, Policen Direkt
The five categories in this segment all focus on using digital systems to improve the processes involved in creating risk-coverage solutions. Advances in digital technology – such as blockchain, big data, Internet of Things (IoT), and artificial intelligence – continually create opportunities for innovative solutions. In this report, we do not cover pure technology companies that offer general “horizontal” solutions based on these technologies, although they might be applied to insurance. Nor do we cover “vertical” innovations in functions like digital marketing, which are not insurance-specific. Our focus is on insurance-specific “vertical solutions,” such as the application of new technologies to novel means of distributing insurance and managing claims. Currently, this segment has seen a similar level of InsurTech activity to that in distribution. Not only does the segment have a high level of activity, but its activity is the best matched of any segment to the level of opportunity (See Exhibit 12).

Overall, this is probably the most consistently attractive segment of the three. In contrast to the other two segments, no category offers less than medium potential. In terms of the regional distribution of current activity, it is clear that operations InsurTechs are most developed in the Americas, with Europe (EMEA) not far behind (See Exhibit 13). It is notable that service and administration, which is fairly attractive in that it has medium level potential, is at present somewhat underdeveloped in all three geographical regions.

Exhibit 12: Operations - Comparison of activities worldwide and strategic assessment

Source: Oliver Wyman, Policen Direkt
### Exhibit 13: Operations - Global comparison of InsurTech activity and selected examples

#### Level of InsurTech Activity

<table>
<thead>
<tr>
<th>Operations</th>
<th>Americas</th>
<th>EMEA</th>
<th>APAC</th>
</tr>
</thead>
</table>
| 1. Digital Sales Enabling | • Benefix  
  • BenRevo  
  • Brokerlift  
  • Insurr  
  • LeadCloud  
  • Zipari | • B2b Protect  
  • Covomo  
  • Gewerbeversicherung24  
  • WeSavvy | • Ancileo  
  • Aureus Analytics  
  • Policy Street  
  • Seasonalife |
| 2. Underwriting     | • Lumiata  
  • Praedicat  
  • Tyche  
  • Vivametrica | • Atidot  
  • Covi Analytics  
  • Cytora  
  • getmelnz  
  • InsureMyTrans  
  • QuanTemplate | • Chebao |
| 3. Service and Administration | • Megalodon Insurance Systems  
  • Gain Compliance  
  • Pokitdok  
  • RedOwl  
  • RiskMatch  
  • TriplePoint Software | • Fortifier  
  • IBA  
  • NuvaLaw  
  • Qumram | • Gen.Life |
| 4. Claims           | • Airwave  
  • Groundspeed  
  • PRXControl Solutions  
  • Snapseed | • Cognotekt  
  • Nexar  
  • RightIndem  
  • Shift Technology  
  • Tractable  
  • Unfallfuchs | • ClaimLogik  
  • MediPay Asia  
  • Stash PH  
  • WaveCell |
  • Isaac Re  
  • Ledger Investing  
  • Rewire | • Budget Insight | • Audeamus Risk |

Source: Oliver Wyman, Polisen Direkt
DIGITAL SALES ENABLERS
WE DIGITALLY ENABLE YOUR SALES FORCE

INSURTECH RADAR RATING

Current level of activity ★★★★★
Strategic assessment
Market potential ★★★★★
Chances of success ★★★★★
Likely winners InsurTechs

Assessment

Digital Sales Enablers account for almost half the activity in the operations segment. Though this is a large and crowded category, it is also an attractive one, albeit with limited headroom. The category offers InsurTechs a fairly high level of both potential and likelihood of success.

UNDERWRITING
WE OPTIMIZE YOUR UNDERWRITING DECISIONS

INSURTECH RADAR RATING

Current level of activity ★★★★★★
Strategic assessment
Market potential ★★★★★★
Chances of success ★★★★★★
Likely winners Reinsurers/ InsurTechs

Startups in this segment provide solutions either to optimize the effectiveness and efficiency of selling insurance products online or to digitally enhance traditional sales processes. One play within the segment is to focus on assisting sales-force teams, providing them with relevant digital tools, such as insurance-needs assessments, tariff calculators, and other web-based insurance toolkits. Examples of this approach include Insurista (Austria), AgentMethods (US), and Gewerbeversicherung24 (Germany).

Other InsurTechs, like Pablow (US), and WeChat (China) specialize in enhancing D2C insurance-sales capabilities by providing fully digitalized insurance contract manufacturing tools. For most insurance companies, this process otherwise involves a substantial amount of manual labor.

In another approach to the digital sales enabler model, InsurTechs such as Gasolead (France) and LeadCloud (US) seek to optimize lead generation as the first step on a customer’s journey to purchasing insurance online.

Underwriting is an important, if not the most important, capability of an insurer. The aim of the underwriter is to properly assess a given risk and decide whether the risk should be accepted by the insurer and, if so, at what price. InsurTechs in the area of risk assessment and technical pricing offer technology and digital solutions to optimize the speed and quality of the underwriting process. Startup examples include OutsideIQ (Canada), getmeIns (Israel), CapeAnalytics (US), and Valen Analytics (US). The category also includes technology offerings to enable innovative risk coverage concepts like IoT/telematics as applied by Drive Marvin (Turkey).
In already-highly digitalized markets, such as the UK, agile price optimization represents an area of further innovation. This seeks to provide real-time optimization and individualization of the end customer price. In the case of technical price optimization, new technologies are used to track changes in customer behavior, to be able to adapt their technical pricing models quickly to changing real world risks as the competition does. In the case of technical pricing, this is used to assess the optimum price based on current buying propensity and competition.

Street pricing is made possible by assessing the purchase probabilities, considering factors like the time of day or the source of the request, in combination with point-of-sale data. Further information about the competition is provided to support the pricing decisions. This information is taken either indirectly, through conversion rates, or directly, through price indications from price comparison sites. Earnix (Israel) is an example of one such InsurTech that is focusing on street pricing.

The use of such approaches has the potential to lead to the widespread adoption of yield management practices that are already common in other sectors, such as retail and travel. In contrast to street pricing, where the price is optimized in isolation, yield management approaches optimize the price by finding the sweet spot across three dimensions: the street price, the lead cost, and the value to the customer.

Assessment

Underwriting is an attractive category for reinsurers and InsurTechs, with solid potential and high chances of success. There is still some investment headroom in the category, because while there are medium to high levels of activity in this area in the Americas, there is less investment in EMEA, while Asia-Pacific remains relatively underdeveloped at the present.
Other InsurTechs in this category focus on improving the efficiency and effectiveness of the administration processes, providing tools that focus on specific functions within the insurance process. Examples include Insured by Insured by Us (Australia) or AgentRun (US).

**Assessment**

Service and Administration continues to provide a solid opportunity – particularly for InsurTechs and general technology companies, the likely winners in this category. However, a little caution might be required, as we estimate the overall chances of success as moderate, rather than high: it is difficult to achieve a strong level of consistency or differentiation. As in Underwriting, there is already a substantial level of activity in this category.

### 3 CLAIMS

**WE OPTIMIZE YOUR CLAIMS PROCESSES AND DECISIONS**

InsurTechs, including Shift Technology (France), Claims Control (Lithuania), and Cognotek (Germany), seek to improve the efficiency and effectiveness of the claims process. This is an attractive business because losses and loss adjustment expenses consume a large part of an insurance premium. Small improvements in the claims process can lead to substantial improvements in the time, economics, quality, and ultimately performance of an insurance company. Besides improving customer experience and saving costs in the claims-handling process itself, these InsurTechs frequently also offer fraud-mitigation technologies.

Some of the InsurTechs in this category, such as Scalepoint (Denmark), ClaimBot (US), and Anywhere2Go (Thailand), focus on technologies designed to improve the customer experience in the claims process and thereby enhance customer loyalty. Such companies typically provide solutions such as digital enabled restitution in kind for losses or damage, promising to restore goods, services, or property to the customer prior to the claim being made, instead of merely paying out on the claim.

Other InsurTechs offer technology, such as drones, to facilitate the digital supply chain for insurers. Players, such as Innovation Group (UK) and Control Expert (Germany), which orchestrate a supply chain in whole or part, are active here. Such companies seek to improve the efficiency and effectiveness of the claims value chain, for instance, by providing visual information on the scale of a catastrophe in order to limit fraud. Among the players in this area are Aerobotics (South Africa), FairFleet (Germany), Snapsheet (US), and Tyro (Australia).
Assessment

Claims is a very attractive category for InsurTechs, albeit one with already relatively limited investment headroom. Activity levels in the category are generally high. We estimate the potential for this category to be high overall, as are the chances of success in developing a sustainable claims business.

This category includes the use of digital technologies in a key area for insurance companies: financial and investment management, including asset liability management (ALM) and risk assessment. This encompasses the digital optimization of processes and methods, such as ALM. Most of these approaches seek to optimize the level of financial assets against possible future claims and payment obligations, as well as providing alternative sources for reinsurance or capital. Startups in this area include Adapt Ready (US) and SoveXia (Australia).

Other InsurTechs in this category specialize in the digitally enabled supply of risk capital, as well as capital allocation and risk management. LedgerInvest in the US is an example of a firm using this approach. In a slight twist on this play, a number of InsurTechs seek to provide P2P financing as an alternative to traditional reinsurer backing. Examples here include Uvamo (US) and WorldCover (US). Today, most of the plays in the category are small, with limited value provided. New technologies like blockchain promise a completely new world of opportunities in providing and managing risk capital. But these plays are currently in their infancy and may vanish as quickly as they appear or create a new, disruptive form of insurance – the jury is still out.

Assessment

Overall, this is, today, not a particularly attractive category, though a number of InsurTechs will undoubtedly be able to build sustainable businesses within it. Much of the current activity is concentrated in the Americas, with the rest of the world seeing very little investment. Though Balance Sheet and Financial Resource Management offers moderate attractiveness, we assess the chances of building a sustainable business in this area as being fairly low, although the strategy of operating in niches where oligopolies can be formed may be the successful exception.
OVERVIEW OF OPPORTUNITIES IN THE OPERATIONS SEGMENT

Overall, this is probably the most consistently attractive segment of the three. In contrast to the other two segments, no category offers less than moderate potential, with four of the five categories offering fairly high or high potential (See Exhibit 14). However, it should be noted that only the Claims category offers high potential in both the size of its addressable value pool and its potential for value generation; companies active in this category have a high chance of success, with consistent business opportunities that offer high levels of differentiation. Though

Exhibit 14: Operations – Overview of potential and likely winners

STRATEGIC ASSESSMENT

<table>
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<td>High</td>
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<td>Medium</td>
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</table>

Source: Oliver Wyman, Policien Direkt
Underwriting also presents high chances for success, the addressable value pools in that category are somewhat smaller than those in Claims. Of the five categories in this segment, Balance Sheet and Financial Resource Management is the least attractive. Though it offers high premium pools, there is only low potential for value generation and business differentiation.

InsurTechs are likely to dominate this segment, winning out in three of the five categories: Digital Sales Enabling, Claims (the most attractive category in the segment), as well as in the least attractive category, Balance Sheet and Financial Resource Management. InsurTech will also win in Underwriting, though it will share honors with reinsurers. General service plays are likely to be the winners in Service and Administration. We believe that applying new digital technologies like AI, IoT or blockchain will open up attractive opportunities for startups in all five categories, even the ones that seem crowded today.
CONCLUSION
INSURTECHS: THE NEXT FRONTIER

Digitalization has caught on late in the insurance industry, compared to others. Among the reasons for the delay are that insurance is a fairly conservative, complex, and regulated industry and that it is a long-term business where changes to new businesses take years to fully unfold.

However, there is fundamental change on the way: the insurance industry is undergoing a structural transformation, maybe the most radical in its history. It is likely that the industry will look much different a decade from now.

Digitalization of the industry combined with new technologies and changing customer behavior has brought forward a set of new players that are here to stay: InsurTechs.

While many insurance companies initially ignored InsurTech activities and denied its relevance, the picture has clearly changed. All of a sudden InsurTechs (with no revenues and a substantial cash burn) are sitting on panels with the CEOs of large insurance companies and discussing the future of the industry. The reason for this is evident: InsurTechs are forcing individual insurers and the insurance industry as a whole to rethink how they do business and to become more innovative, more customer-oriented, and more transparent. And there are already areas in which they have made a meaningful impact for customers, evident in the success of Price Comparison Websites for pull business in many markets.

To manage the possible downside and, where possible, benefit from this trend, virtually all insurers and reinsurers have initiated digitalization programs. Quite a few have responded by setting up captive accelerator or incubator programs, or by making direct investments.

But our report also shows that InsurTechs are themselves in for a bumpy ride. We highlight that there is a considerable mismatch between the level of InsurTech activity, their market potential, and the chances for success in several business model segments. We expect that quite a few InsurTechs, will face major disappointment. In certain overcrowded categories, particularly in the proposition and in the distribution segment, a shakeout is extremely likely. Indeed, it may already be starting, with the recent drop of overall funding between 2015 and 2016, as reported by CBInsights. Does such data point to, not simply a drop in mega deals, but problems with the current wave of InsurTechs?

Where does this leave the InsurTechs? It is still a relatively recent phenomenon. Will investors stick with their startups when the going gets tougher than expected? Will rolling out new business models require more time and money than accounted for in the business plans? Will the first big investor write-offs lead to tailing of overall investment in the sector?

We observe investors becoming more conscious of the challenges. Later-stage financing is becoming a more difficult task. As a consequence, several InsurTechs have switched from attack into cooperation mode with the established industry. Part of this has been triggered by the simple necessity all businesses face: the need to make money at some stage. However, to succeed in insurance often takes a long time and a lot of money. Some investors might even have contributed to this trend by pushing InsurTech for top-line improvements. Unfortunately, such pushes make InsurTechs focus more on evolutionary change of the current value chain and makes them miss the more revolutionary moves of
finding truly innovative engagement models. Therefore, although we have seen more than a thousand InsurTechs in our database, we must conclude: Real industry disruptors are rare.

Our InsurTech Radar has identified areas of substantial potential in InsurTech in categories that are, as a whole, not yet exploited. A number of these appear to have significant underinvestment, some appearing almost as void on the radar map. One of the main reasons for the current mismatch between investment and potential is that many InsurTechs lack a solid understanding of insurance. Startups have often been founded by individuals new to the insurance industry and whose understanding of what does and does not work developed only after they learned the ropes. These challenges are compounded by the fact that conditions in this industry differ from those prevailing in much of e-commerce, which are often better known to both investors and founders. Many e-commerce models are based on intercepting pull-based activity, using measurable standard conversion rates to drive business. This model applies to only few areas of insurance, where the need for insurance is so high that customers actively seek out and purchase it. So while this approach might work in some areas, as this report demonstrates, it misses the bigger picture – and some of InsurTech’s best opportunities, such as surfacing latent consumer demand for risk coverage.

So in aggregate, the InsurTech Radar shows that stormy weather is ahead - but also a new dawn. We are expecting a second wave of InsurTechs that is more insurance-savvy and better-prepared than their first-wave peers. These second-generation InsurTechs will be more creative and make more ambitious moves to shake up the industry. They will create new forms of consumer and partner engagement, incorporating true demand side thinking. The first newly founded, fully digital insurance carriers can be seen as first signs of this. The second wave will include nimble first-wave players, which have embraced the nature of the industry and pivoted their business model to adapt to a new truly innovative game exploiting new engagement models. Once the storm clouds part, light will be cast upon profound opportunity, investment is likely to return, and even surpass previous levels.

When it comes to assessing which firms will succeed, it needs to be taken into account that insurers have built up substantial mass over the past decades – some over the past centuries. Moreover, the business model itself is long term in nature, with new businesses suffering from substantial strain until profitability is reached and established players having books of business that allow them to survive times of fading success with new business in the market place.

To sum up: this report underlines that while the winners per business model category vary, it will in the longer run be all about digitalization. In many areas, InsurTechs are well positioned to succeed. Other categories will be dominated by innovative, customer-oriented insurers or reinsurers, agile brokers, FinTechs, and general tech plays. And in some areas, categories will be won by players entirely outside the insurance industry, but with relevant customer access to sell innovative solutions that include insurance components.
ABOUT OLIVER WYMAN

Oliver Wyman is a global leader in management consulting. With offices in 50+ cities across nearly 30 countries, Oliver Wyman combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation. The firm has about 4,500 professionals around the world who help clients optimize their business, improve their operations and risk profile, and accelerate their organizational performance to seize the most attractive opportunities. Oliver Wyman is a wholly owned subsidiary of Marsh & McLennan Companies [NYSE: MMC].

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ABOUT POLICEN DIREKT

The Policen Direkt Group, based in Frankfurt, Germany, was founded over ten years ago as a start-up in the insurance industry. With a novel business model, the aim was to provide added value to end customers by extending the insurance value chain: life insurance resale in the secondary market on a newly created, proprietary technology-based platform. Since its establishment, the buying and selling of policies have been operated mainly via digital channels. The Group also operates a platform for consolidating and digitalizing the established insurance brokerage market.

Policen Direkt has successfully founded its own InsurTechs in the fields of business, annex and P&C insurance, invested in young companies, and is a sparring partner of founders and investors interested in the insurance market.

Additional information can be found at: www.policendirekt.com.

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