Macro View: Following the Money

Insurance technology has caught the attention - and investment dollars - of venture capital (VC), private equity (PE), and corporate investors globally. Join us for a by the numbers look at insuretech, including the latest figures and investment trends in the global insuretech landscape. See what’s hot and what’s not for venture capital investors, expose the rise of corporate venturing in (re)insurance, and offer insights about where investment in the space is headed next.
The technology market intelligence platform.

CB Insights software lets you predict, discuss and communicate emerging technology trends using data in ways that are beyond human cognition.
Matthew Wong is senior research analyst at CB Insights, where he produces data analysis and research on startup and venture capital trends across emerging industries. Matthew’s industry research and analysis have been featured in The New York Times, The Wall Street Journal, The Financial Times, and Bloomberg among other major media outlets. Matthew launched and currently manages Insurance Tech Insights, a data-driven resource and newsletter covering innovation and technology for 11K+ executives, tech investors and startups in the global insurance industry.
INSURANCE TECH: BUZZ IS ALIVE AND WELL
LOTS OF OPINIONS ON COMING CHANGE

TECHCRUNCH GUEST POSTS ON INSURANCE TECH BY YEAR

2014 - 2016 YTD

Source: TechCrunch Archives
SOMETHING IS HAPPENING. THAT’S WHY WE’RE HERE

FINTECH CONFERENCE ATTENDANCE
2012 - 2016 YTD

Source: Money 20/20, LendIt, InsureTech Connect

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MACRO TRENDS IN INSURANCE TECH INVESTING
## FEW MAJOR INSURANCE TECH EXITS TO DATE

### TOP VENTURE-BACKED INSURANCE TECH EXITS

<table>
<thead>
<tr>
<th>Company</th>
<th>Valuation at time of exit (£M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Climate Corporation</td>
<td>$1,100</td>
</tr>
<tr>
<td>Quinstreet</td>
<td>$674</td>
</tr>
<tr>
<td>EagleView</td>
<td>$650</td>
</tr>
<tr>
<td>Guidewire</td>
<td>$536</td>
</tr>
<tr>
<td>iSelect</td>
<td>$452</td>
</tr>
<tr>
<td>Extend Health</td>
<td>$435</td>
</tr>
<tr>
<td>Trupanion</td>
<td>$226</td>
</tr>
<tr>
<td>Liazon</td>
<td>$215</td>
</tr>
<tr>
<td>Connecture</td>
<td>$167</td>
</tr>
</tbody>
</table>

Source: CB Insights
INSURANCE TECH: $4.74B INVESTED ACROSS 470 DEALS SINCE START OF 2011

INSURANCE TECH FINANCING HISTORY
2011 - 2016 YTD (Q3'16)

Source: CB Insights
INSURANCE TECH DEAL ACTIVITY HITS HIGH IN Q1’16

Source: CB Insights
HALF OF ALL INSURANCE TECH DEALS IN 2016 YTD ARE AT SEED-STAGE

Source: CB Insights

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60% OF INSURANCE TECH DEALS SINCE START OF 2015 WERE IN THE US

Source: CB Insights
IN THE US, CA AND NY TAKE OVER HALF OF ALL INSURANCE TECH DEALS
VC INVESTORS IN INSURANCE TECH: THEN AND NOW

55
Traditional and corporate VCs invested in an insurance tech startup in 2012

141
Traditional and corporate VCs invested in an insurance tech startup in 2016 YTD.

By no means exhaustive list of VCs in insurance tech:

Select active early-stage VCs in insurance tech:

Source: CB Insights

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FIN TECH-FOCUSED VCS HAVE BEEN ACTIVE IN INSURANCE

Ribbit Capital

Portfolio cos:
- policybazaar
- comparaonline
- GUSTO
- Jetty
- next insurance
- Health I.Q.
- QuanTemplate
- simplesurance
- Knip
- bunker
- CoverHound
- CompareAsia
- anthemis group
- tröv
- EMBROKER
- Zendrive
- QED INVESTORS
- insureon
- Core Innovation Capital
- FinTech Collective
- WorldCover
- CoverHound

Source: CB Insights
INVESTOR ECOSYSTEM DEVELOPING. INTERESTED CAPITAL IS ABUNDANT.

Note: Select investors below not ranked or exhaustive.

Accelerators
- Startupbootcamp
- Insurance Accelerator
- Plug & Play
- W1
- Y Combinator
- 500 Startups
- Techstars

Vertical specific VCs
- Ribbit Capital
- nyca
- Core Innovation Capital
- Fintech Collective
- Oak HC/FT
- Anthemis Group
- Route 66

Generalist VCs
- Canaan Partners
- General Catalyst
- Bessemer Venture Partners
- 8VC
- Lightbank
- Horizons Ventures
- Andreessen Horowitz

Vertical-specific corporate VCs
- AXA Strategic Ventures
- XL
- American Family Ventures
- Mass Mutual Ventures
- Transamerica Ventures
- New York Life
- Ping An Ventures
- Aviva Ventures
- Munich Re Ventures
- LMSV

Global (re)insurers
- Chubb
- Hiscox
- Ping An Insurance

...and much more
- Fosun
- Goldman Sachs
- Guidewire
- Greenoaks Capital Management
- Wilton Re
- Hillhouse Capital
- Dowling Capital Partners

Source: CB Insights

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WHERE ARE DEALS GOING?
ACA HELPS ATTRACT ENTREPRENEURS TO SHAKE UP HEALTH INSURANCE

Select Series A investments 2013-2014:

- Oscar
- Zenefits
- Gusto
- Namely
- Collective Health
- Maxwell Health
- JustWorks.
- Gravie
- HealthCare.com

Insurance Tech Deal Activity by Focus Area

2013 - 2014, Health insurance vs. Non-health (US)

- 2013:
  - Health Insurance Tech: 62%
  - Non-health Insurance Tech: 38%

- 2014:
  - Health Insurance Tech: 70%
  - Non-health Insurance Tech: 30%

Source: CB Insights

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NOW: STARTUPS SEE OPPORTUNITY TO SHAKE UP SMALL COMMERCIAL

Investments deals since start of 2015: 10+

Investment deals between 2012 and 2014: 1

Source: CB Insights

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STARTUPS LOOK TO BUILD NEW BRANDS IN HOMEOWNERS AND RENTERS

Select startups:

- Lemonade
- Jetty
- Matica
- MGA
- BrightPolicy
- Quilt
- I-Hippo
- Lead Generation
- Agency
- Carrier

Source: https://medium.com/@kylenakatsuji/so-your-startup-wants-to-sell-insurance-a016758b117b1#he4x6m6k3
OPPORTUNITIES TO INNOVATE LIFE INSURANCE PRODUCTS DRAW INVESTMENT

Source: Ladder, Fabric
ON-DEMAND INSURANCE HERE AND SCENARIO-BASED ABROAD

“On-demand insurance for the things you love”

“On-demand insurance for the on-demand economy”

“On-demand insurance that will last from take-off to landing”

“On-demand drone insurance for recreational and commercial flights”

“Scenario-based insurance consists of small, situational insurance protection offered for high-frequency, location-based or internet transactions, including online travel and various online-to-offline (O2O) services.”

Source: Company websites, SCMP

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Common knocks on B2B startups for the insurance industry: protracted sales cycles, customers too compliance-focused, supplier concentration are more, but investor funding continues across various services including fraud detection, data providers, cyber risk modeling...
MORE EXISTING FINTECH PLAYERS MOVE INTO INSURANCE TECH?

SoFi
Total Funding: $1.54B
Estimated 2016 revenue: $357.4M

nerdwallet
Total Funding: $69M
Number of users: 30M+

Credit Karma
Total Funding: $368.5M
App Store Finance Rank: #1

Source: CB Insights
EUROPE HITS INSURANCE TECH FUNDING HIGH IN 2016 YTD...

Source: CB Insights
39% of dollars has gone to competing digital insurance managers.

Source: CB Insights

FINANCING TO EURO DIGITAL INSURANCE MANAGERS

Knip, FinanceFox, Clark, GetSafe, 2011 - 2016 YTD (Q3'16)

Source: CB Insights
ASIA: LOTS HAPPENING, LOTS CHANGING FAST

Alibaba affiliate buys control of Cathay Financial insurance subsidiary

Ant Financial backs China’s First Mutual Insurance Association

Ant Financial to evolve into a global-leading Fintech company

Alibaba Health sets up JV with China Taiping Insurance

PRESENTED BY OLIVER WYMAN
WHERE (RE)INSURERS ARE MAKING MOVES
“The clock is ticking. There’s not a lot of time left to figure out how to build sustainable companies, be smart about data and be more efficient. Above all else, we need to get over our inherent resistance to change. If insurance as we’ve known it was an ecosystem, large sections of it would be on the endangered species list.”

Brian Duperreault
Chairman and CEO, Hamilton Insurance Group

TECH INVESTMENTS BY (RE)INSURERS ARE SURGING

TECH STARTUP INVESTMENTS BY (RE)INSURERS
2012 - 2016 YTD (Q3'16)

Source: CB Insights
US TECH STARTUPS TAKE OVER 2/3RDS OF (RE)INSURER DEALS

TECH INVESTMENTS BY (RE)INSURERS BY GEOGRAPHY
2012 - 2016 YTD (Q3'16)

- United States: 72%
- China: 12%
- United Kingdom: 6%
- France: 3%
- Germany: 2%
- Canada: 1%
- Switzerland: 1%
- Israel: 1%

Source: CB Insights
In 2015, one-fourth of all tech investment activity by (re)insurers and their corporate venture arms took place at the seed-stage. In Q2’16, 20% of all corporate VC investments were at the seed-stage.
“Digital Partners is a new Munich Re global venture designed to partner with disruptors who are changing the way insurance is experienced by customers. Digital Partners is developing innovative propositions with digital insurance start-ups and digital verticals that are creating new ways for consumers to interact with the insurance industry.”

“In collaboration with our clients, the New Solutions Group, a global initiative, is advancing innovative, customer-focused, Life and Health insurance product, technology, marketing and omni-channel distribution initiatives to help all parties achieve growth.”

“The specialized team works with emerging, high-tech distribution companies and InsurTech players, vetting their technology and helping them gain access to insurers that want to modernize the life insurance sales process, risk assessment, client engagement and back-end analytics.”

Source: Munich Re, Swiss Re, Hannover Re, CB Insights
SOME CORPORATE VENTURE ARMS MUCH MORE ACTIVE THAN OTHERS

INSURANCE INDUSTRY STRATEGIC INVESTMENT DEAL ACTIVITY
Q1'15 - Q3'16

Source: CB Insights
## WHAT WE “SAY” WE WANT TO INVEST IN...

<table>
<thead>
<tr>
<th>Firm</th>
<th>Stated corporate venture areas of interest/focus</th>
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<tbody>
<tr>
<td>American Family Insurance</td>
<td>“Connected world, data-driven insight, insurance innovation”</td>
</tr>
<tr>
<td>Allianz</td>
<td>“Fintech, connected car/smart home, data &amp; analytics, cybersecurity, digital health”</td>
</tr>
<tr>
<td>AVIVA</td>
<td>“The Internet of Things (car/home/health), data and analytics, innovative customer experiences, distribution i.e. new sharing economy platforms”</td>
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<tr>
<td>AXA</td>
<td>“Enterprise software, financial technology, insurance technology, innovations in travel, health, and auto verticals”</td>
</tr>
<tr>
<td>Liberty Mutual</td>
<td>“Next generation vehicle products, connected home products, sharing economy, insurance innovation”</td>
</tr>
<tr>
<td>Munich Re</td>
<td>“New insurance business models, Internet of Things, cybersecurity, energy, big data/analytics”</td>
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<tr>
<td>XL</td>
<td>“Underserved risk markets, innovative approaches to risk underwriting, financial technology with application to risk underwriting”</td>
</tr>
<tr>
<td>Ping An</td>
<td>“Finance, consumption, healthcare, auto, social network, and artificial intelligence”</td>
</tr>
<tr>
<td>MassMutual Ventures</td>
<td>“Fintech, data analytics, cybersecurity, digital health, and enterprise software”</td>
</tr>
<tr>
<td>Transamerica Ventures</td>
<td>“Fintech/FinServ, Big Data/Analytics, Digital Marketing and Sales, Social Media, Enterprise IT, Content and Publishing, Mobile”</td>
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</table>

Source: Investor websites
IOT: A HOT AREA ACROSS (RE)INSURER INVESTMENTS

Source: CB Insights
MORE INSURERS BACKING TECH STARTUPS SELLING INSURANCE

<table>
<thead>
<tr>
<th>Insurer</th>
<th>Insurance Distribution Startup</th>
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<tbody>
<tr>
<td>Lemonade</td>
<td>EMBROKER</td>
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<td>Slice</td>
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<tr>
<td>CoverHound</td>
<td>bunker.</td>
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<td>policygenius</td>
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<td>Intact</td>
<td>Metromile</td>
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<td>CHUBB</td>
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<tr>
<td>CoverHound</td>
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<tr>
<td>Munich RE</td>
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<td>Suncorp</td>
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<tr>
<td>Munich RE</td>
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</table>

Source: CB Insights
SOME BROADER THOUGHTS...
DEALS TO VC-BACKED STARTUPS ARE DOWN IN 2016

Source: CB Insights

ANNUAL FINANCING TREND TO US VC-BACKED COMPANIES
2012 – 2016 YTD (through Q3’16)

Investments ($B) | Deals
---|---
2012 | $32.1 | 4525
2013 | $35.7 | 4896
2014 | $58.5 | 5506
2015 | $72.8 | 5269
2016 | $46.5 | 3344

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LARGEST M&A FOR VC-BACKED TECH COMPANIES SEEING A SHIFT IN BUYERS

Source: CB Insights
UNBUNDLING MOVES TO INSURANCE

Source: CB Insights

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THE VENTURE CAPITAL FUNNEL

1027 Seed Backed Tech Cos

411 4th Round (40%)
232 3rd Round (23%)
127 2nd Round (12%)
489 Dead / Self-sustaining (48%)

90 4th Round (9%)
31 4th Round (3%)
12 6th Round (6%)

34 5th Round (3%)
34 5th Round (3%)
50 5th Round (5%)

9 6th Round (1%)
22 6th Round (2%)

Source: CB Insights
Questions?

Email: mwong@cbinsights.com

Twitter: @mlcwong

Join 11K+ and get our insurance tech newsletter: cbi.vc/insurance-tech