

InsurTech in Germany

Short history, thriving present –
bright future?

Joint research of InsurLab Germany and EY

September 2018

- for public distribution -

- ▶ This research study is the first in a series of half-yearly reports presenting developments, trends and achievements within the InsurLab Germany e.V. (InsurLab Germany) as well as in the broader InsurTech and insurance innovation space
- ▶ The study is a collaboration between InsurLab Germany and EY. It analyzes past, present and future developments of the German InsurTech ecosystem
 - ▶ Research results are based on desk research and expert opinions
 - ▶ Following a strict definition of the term InsurTech, 59 start-ups were identified and segmented in five business model segments. For a fully comprehensive view on insurance innovation, a very large group of general Tech (i.e. non-InsurTech) start-ups would require additional consideration and analysis
- ▶ InsurTechs focusing on sales and distribution represent the largest group of our sample with a share of 32%. However, trends indicate that exposure of middle- and back-office functions accelerates; in this context, emerging technologies and Tech start-ups are likely to bring forward the next wave of disruption*
- ▶ Licensed digital risk carriers start scaling their platforms and business, though integration to existing ecosystems, and most prominently distribution structures, in most cases is still premature
- ▶ Through increasing functional coverage, the decomposition of the incumbent insurance value chain accelerates. Although disruption has mostly turned into collaboration, assessing the risks and rewards of integrating InsurTech solutions remains challenging for incumbents
- ▶ With the emergence of the platform economy and converging digital ecosystems, InsurTechs start experimenting with bancassurance business models. This can be observed through prominent cooperations between banks and InsurTechs and by cross-sectoral investments e.g. by incumbent insurers into (banking) FinTech
- ▶ The majority of InsurTechs tend to build their business models around P&C products, particularly liability insurance; small ticket and situational insurance products are on the agenda for almost a quarter of InsurTechs
- ▶ B2C business models remain dominant with a share of 46% of the overall InsurTech landscape (B2B models: 29%). However, data suggests that more and more InsurTechs facing high retail customer acquisition costs are moving to B2B2C or B2B, in order to monetize existing technology stacks and reach a critical customer
- ▶ (Inter)national investors increasingly recognize the German InsurTech market as an attractive investment market. The number of successful funding rounds and funding volumes have steadily increased, though a handful of leading InsurTechs contribute the majority of funding volume
- ▶ InsurTech in Germany is geographically distributed in three hubs, the thriving Berlin start-up ecosystem and the combined insurance and InsurTech hubs in Cologne and Munich. Between 2010 and 2018 the number of newly founded InsurTechs quadrupled while the trend seems to have slowed down in H1 2018

* Examples of technologies and methods likely to play a significant role in the future are Machine Learning / Artificial Intelligence, sensors, blockchain, drones, among others. Beyond this, Tech start-ups (e.g. HealthTech or PropTech) are very likely to create new business models around insurance core offerings.



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The presented research builds on a narrow interpretation of the term InsurTech

Study methodology

- ▶ The presented study relies on primary desk research executed in Q2 2018 using public sources and commercial databases; expert opinions further enrich and qualify analysis results
- ▶ Long-listed start-ups were scrutinized against strict selection criteria to distill the research subject (InsurTech start-ups) from a wide range of out-of-scope market participants (e.g. software vendors)

Important information

- ▶ Owing to its early stage of development, the German InsurTech landscape is subject to continuous and rapid change, and is characterized by fragmented information*
- ▶ The dataset for 2010 – 2015 is inherently sporadic and is presented for purposes of context. In contrast, information consistency and reliability has matured in recent years to allow for solid conclusions

Scope determination

Long-listed research universe

148



No exclusive insurance focus

20



Founded before 2010 or by incumbents; no significant operation in Germany

40








Standard online distribution platforms

29

Short-listed analysis sample

59

InsurTech selection criteria – Scope of study

 Targeted	 Independent	 Innovative	 German	 Recently founded
Products and services exclusively target the insurance value chain	Independent or stand-alone (start-up) companies, typically with limited resource access**	Operate in innovative ways or apply new technologies	Headquartered or with significant operations in Germany	Start-ups founded no earlier than 2010

InsurTechs are businesses combining innovative business models and technology to enable, enhance and disrupt the insurance industry or parts of its value chain

* Also consult EY's 2016 German InsurTech study: [www.ey.com/Publication/vwLUAssets/EY-insurtech-assembled-for-takeoff/\\$FILE/EY-insurtech-assembled-for-takeoff.pdf](http://www.ey.com/Publication/vwLUAssets/EY-insurtech-assembled-for-takeoff/$FILE/EY-insurtech-assembled-for-takeoff.pdf).

**The independence criterion excludes spin-offs from incumbent companies (e.g. broker pools, insurers, etc.), but not companies that received financing through e.g. Angel or Series A rounds. Although ventures backed by company builders (e.g. Finleap, Finconomy) may not have fully independent operations, we consider them in our analysis as long as they fulfill the remaining selection criteria.



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InsurTechs are not the sole driver of innovation – outside influences from general (Fin)Tech intensify

I. Core InsurTechs

1 2 3 4 5

- ▶ Companies directly contributing to the provision of insurance services

▶ Distributors

- ▶ Broker / agent enablers
- ▶ Innovative comparison sites
- ▶ Emerging product distributors

▶ Personal assistants

- ▶ Digital insurance folders
- ▶ Personal inventories
- ▶ Others

▶ Risk carriers

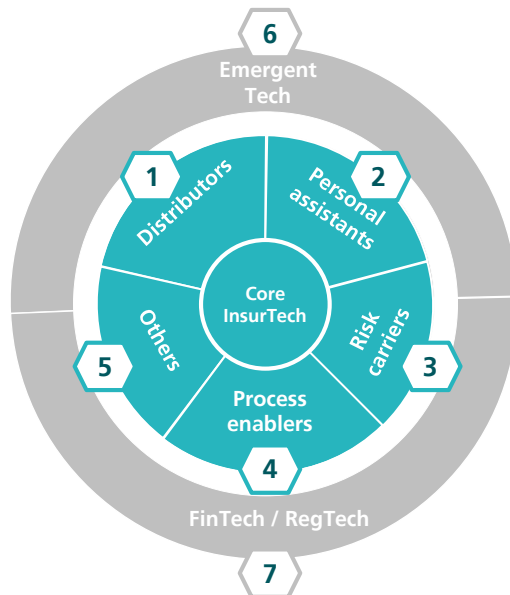
- ▶ Platform insurers
- ▶ Neoinsurers

▶ Process enablers

- ▶ Software vendors

▶ Others

- ▶ Peer-to-Peer (P2P)
- ▶ Claims regulators



II. General Tech and FinTech**

6 7

- ▶ Companies with no exclusive focus on contributing or providing insurance services

▶ Emergent Tech start-ups

- ▶ Data originators, including
 - ▶ HealthTech
 - ▶ Telematics
 - ▶ Sensors
- ▶ Data processors, including
 - ▶ Machine Learning (ML)
 - ▶ Artificial Intelligence (AI)
 - ▶ Analytics
 - ▶ Blockchain
 - ▶ Augmented / Virtual Reality
- ▶ Hardware providers, including
 - ▶ Drones
 - ▶ Internet of Things (IoT)

▶ FinTech / RegTech*

*For an overview of the German FinTech landscape, its segmentation and trends, you may consult EY's Germany FinTech landscaping series published annually: [www.ey.com/Publication/vwLUAssets/ey-germany-fin-tech-landscape-2017/\\$FILE/ey-germany-fin-tech-landscape.pdf](http://www.ey.com/Publication/vwLUAssets/ey-germany-fin-tech-landscape-2017/$FILE/ey-germany-fin-tech-landscape.pdf) or www.ey.com/Publication/vwLUAssets/ey-fintech-studie-herbst-2016/%24FILE/ey-fintech-studie-herbst-2016.pdf.

** The general Tech and FinTech ecosystems will likely develop large overlaps with InsurTech (convergence), a trend that will be analyzed in more detail in future studies.








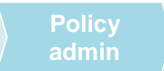

Identified InsurTechs are segmented by uniformity of their business models (I / V)








1

Distributors

- ▶ InsurTechs operating B2C and B2B platform models and engaging in or enabling digital or omnichannel sales and distribution
- ▶ The field of distributors increasingly matures and consolidates within the hands of a few dominant platforms; in recent years, fewer distribution platform models were launched in the market
 - ▶ **Broker / agent enablers** range from B2B2C enabling platforms leveraging brokers and agents as multipliers to B2B software vendors supporting hybrid sales and distribution processes
 - ▶ **Innovative comparison websites** facilitate advanced policy comparison (e.g. by price, quality) and coverage across complex or emerging insurance products*
 - ▶ More sophisticated business models with higher end customer value increasingly envelop such platforms supported by better reach and frequency characteristics
- ▶ **Emerging product distributors** are characterized by the distribution of small ticket, situational or special needs insurance

Exemplary InsurTechs

 (excluding One)	Founded: 2015 Targets: Broker and Private Products: Life, Health, P&C	Expansion stage 		
				
<ul style="list-style-type: none">▶ Fully digital insurance distribution enablement platform for brokers and connected insurers (new risk carrier ONE also belongs to the wefox group)▶ According to publicly available information, wefox onboarded more than 1000 brokers and more than 250.000 end-customers				

	Founded: 2012 Targets: Private Products: P&C, Small Ticket	Established 		
				
<ul style="list-style-type: none">▶ Operates B2C distribution platforms for small ticket insurance across nine markets and B2B software (annex and broker enablement) across 28 markets				

*This is mainly valid for comparison sites for standard and P&C product lines. For reasons of materiality, we have not considered the multitude of these platforms in this analysis. However, we have included such platforms for complex or niche products, since we see higher chances of them resisting envelopment by business models with stronger customer ownership.









Identified InsurTechs are segmented by uniformity of their business models (II / V)

2

Personal assistants (PAs)

- ▶ B2C InsurTechs offering digital solutions that enhance convenience in dealing with everyday aspects of insurance
- ▶ PAs expand initial MVPs / service catalogues in order to obtain the reach and frequency necessary to capture client relationships from producers and brokers / agents and to envelop traditional comparison websites / online marketplaces
- ▶ Key issue for PA expansion are high end customer acquisition cost
- ▶ In order to improve their frequency of usage, successful PAs have expanded into financial services and beyond, as can be observed in recent developments by prominent players
 - ▶ **Digital insurance folders** allow B2C customers to conveniently administer all their insurance contracts in one place; additional functionalities include comparison, advisory, and optimization capabilities in an attempt to enhance customer value
 - ▶ Most often request a broker mandate for full functionality
 - ▶ A handful of players seem to increasingly dominate the market
- ▶ **Personal inventories** allow B2C customers to administer their belongings while gaining convenient access to annex, small ticket and situational insurance
- ▶ **Others** include eligibility checks and information offerings to target customers into signing specific insurance products

Exemplary InsurTechs

CLARK	Founded: 2015 Targets: Private Products: Life, Health, P&C	Growth stage					
							
 Product dev		Distribution		Under-writing	Policy admin	Claims mgnt	
<ul style="list-style-type: none">▶ Offers a B2C digital insurance folder with optimization and retirement planning functionality with a broker mandate; collaboration with B2B banking partners▶ Clark is supported by company builder FinLeap							








Identified InsurTechs are segmented by uniformity of their business models (III / V)








3

Risk carriers

- ▶ **Risk carriers**, analogous to digital platform banks, intend to bring forward short product development cycles and digitized processes (product factories) to service innovative insurance products and business models independent of legacy technology and operations
- ▶ All German “InsurTech risk carriers” were founded between 2016 and 2018, with licenses granted post 2017
- ▶ With the exception of life policies, risk carriers cover all product lines although the majority of them focus on P&C products
- ▶ As part of stringent strategic positioning, some risk carriers were founded by existing ecosystems, such as Finleap, with the intention to leverage existing distribution channels with tailored products
- ▶ Examples of the first risk carriers who have acquired a full BaFin licence include Coya, Element and neodigital
 - ▶ **Platform insurers** represent the larger share of new risk carriers. Analogous to platform banks, they focus on underwriting business from B2B clients, particularly in annex products; most of the current players currently lack distribution reach and capabilities
 - ▶ **Neoinsurers** intend to deliver their own products to end customers. Currently, the only example is ONE, which can rely on the broker network of its parent company wefox

Exemplary InsurTechs

	Founded: 2016 Targets: Incumbents and other B2B Products: P&C	Growth stage 		
				
<ul style="list-style-type: none">▶ Platform insurers underwrite risks from online portals, eCommerce platforms and insurers; develops tailored insurance products according to client specifications▶ Broker enablement functionalities are planned▶ Supported by company builder FinLeap				

	Founded: 2017 Targets: Private and brokers Products: P&C	Growth stage 		
				
<ul style="list-style-type: none">▶ Neoinsurers develop proprietary insurance products based on analytical capabilities integrating with the broker platform wefox				






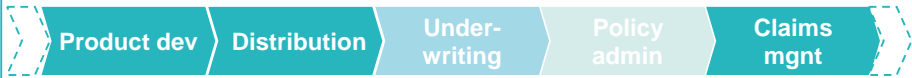
Identified InsurTechs are segmented by uniformity of their business models (IV / V)

4

Process enablers

- ▶ **Process enablers** mostly represent B2B software development companies with a wide variety of products, such as process or white-label software, capturing or digitizing parts of the existing insurance value chain
- ▶ In parts, process enablers utilize emerging technologies, such as blockchain, and particularly machine learning / artificial intelligence
- ▶ Process enablers are almost evenly distributed along the value chain

Exemplary InsurTechs

	Founded: 2015 Targets: Incumbents Products: P&C, Small Ticket	Growth stage				
						
						
<ul style="list-style-type: none">▶ White label API-based software solutions for broker enablement and product development▶ Provides annex, niche and short-term insurances through European Annex Insurance GmbH						




Identified InsurTechs are segmented by uniformity of their business models (V / V)

5

Others

- ▶ Captures InsurTech sub-segments that are innovative and occur with a certain regularity in the data sample; however, from an outside-in perspective they often do not yet offer fully comprehensive business models
 - ▶ **P2P** InsurTechs leverage social mechanisms within small groups to regulate smaller claims, whereas larger claims are regulated through the risk carrier
 - ▶ While reducing operational and fraud costs for insurers, P2P also disintermediates the underwriting capabilities and weakens the customer relationship
 - ▶ P2P insurance was first introduced in Germany after 2010 and has since been adopted across the world; in Germany, additional P2P players did not launch until a few years later
 - ▶ Examples are friendsurance, Get Safe and crowdheroes
- ▶ **Claims regulators** were mainly founded between 2014 and 2015 with the intention to digitize claims notification and administration processes, assisting end customers in documenting claims or disputing insurer's decisions; a smaller group of claims regulators focus on the B2B segment or back-office improvements
- ▶ Building on emerging technologies, incumbents have started their own, sophisticated claims management improvement programs, including advanced pattern recognition and behavioral analytics, among others

Exemplary InsurTechs

 friendsurance	Founded: 2010 Targets: Private and incumbents Products: P&C, Emerging	Growth stage 
		
<ul style="list-style-type: none">▶ P2P insurance models leverage group dynamics to reduce claims and fraud▶ Recently took a variety of steps towards creating a bancassurance platform through cooperations with banks and several FinTechs		

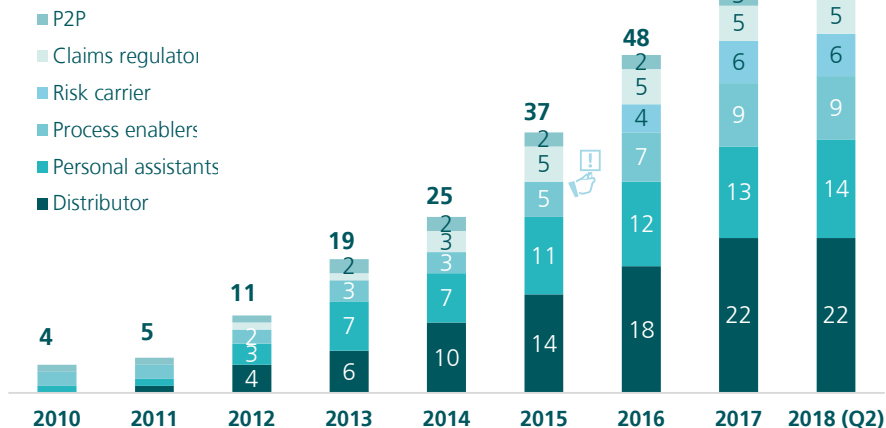


The InsurTech universe keeps growing while segment distribution indicates shifting business model focus

Summary

- ▶ Between 2010 and 2018 the number of InsurTechs quadrupled in sample size to include 59 InsurTechs*
- ▶ Research suggests that fewer InsurTechs were founded in the first half of 2018; this might at least in part be attributable to newly founded start-ups still operating in stealth mode

Number of German InsurTechs (cumulative)



Source: EY Analysis

*This does not consider General Tech and FinTech start-ups, as described on slide 6.

Key developments by segment

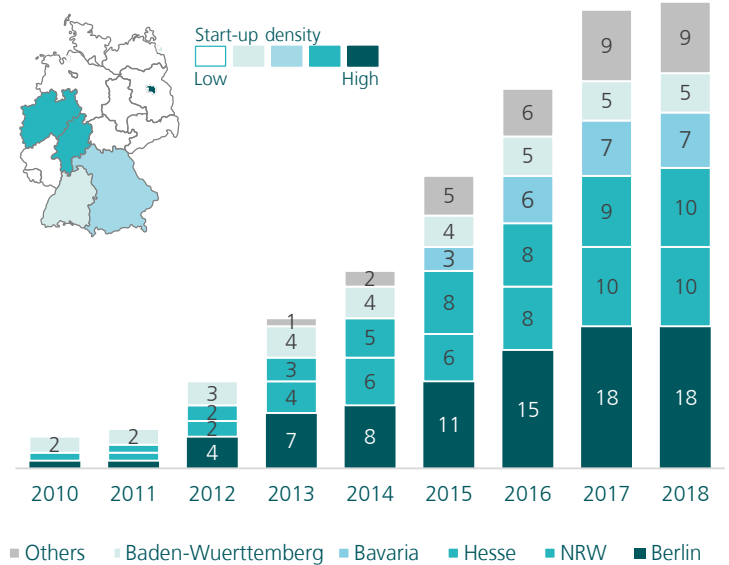
- ▶ The **Distributor** segment steadily grew since 2011 and today represents 37% of the German InsurTech landscape
 - ▶ Growth in 2014-2017 was primarily driven by emerging product distributors
 - ▶ Growth slowed down in 2017 and flattened in 2018. This may be due to envelopment / competition by more sophisticated distribution platforms
- ▶ The number of **personal assistants** grew steadily and today represents the sample's second largest InsurTech segment
 - ▶ High customer acquisition costs have prevented the broad mass of personal assistants from reaching required economies of scale, which may lead to consolidation in the medium term
 - ▶ In order to stay relevant through improved value propositions, leading players continuously add new functionality, such as robo advisory, digital advisory and signing processes, as well as assistance services, among others
- ▶ Digital **risk carriers** started receiving licenses in 2017 with a concentration in P&C product lines; despite their early stage, rapid time-to-market with new products and deep integration in forming ecosystems may provide a path to growth
- ▶ Activities to improve claims management processes predominantly focus on technology (AI, pattern recognition, etc.), potentially providing less room for **claims regulators** founded before 2015, which intended to improve customer experience
- ▶ **P2P** insurance has seen limited growth in competition over the last few years and needs to keep pace with rapidly evolving value propositions by e.g. PAs

The German InsurTech landscape is relatively evenly spread, though Berlin, Cologne and Munich dominate

Geographical InsurTech distribution within Germany

- ▶ The InsurTech landscape has historically grown relatively uniform across Germany, with the exception of Bavaria and Berlin which have shown above-average growth since 2015
- ▶ Although **Berlin** is not an insurance hub, it benefits from its thriving start-up ecosystem. Hosting **31%** of our sample, it is the largest InsurTech hub in Germany; InsurTechs in Berlin have relatively easy access to talent and funding, among other factors
- ▶ The InsurTech community in **Cologne** (NRW) and surrounding North Rhine-Westphalia grew relatively steadily since 2011 and today hosts **17%** of our sample, adding to the strong footprint of the incumbent insurance industry
- ▶ The neighbouring **Frankfurt-Rhine-Main** region also hosts an emerging start-up and FinTech ecosystem in which InsurTechs have found fertile ground for expansion, especially within the financial hub Frankfurt. Hesse hosts **17%** of our sample
- ▶ **Bavaria** hosting **12%** of the InsurTechs almost exclusively located in **Munich**. Growth rates since 2015 are only second to Berlin, and together with its international significance for the insurance industry makes Munich a thriving InsurTech ecosystem
- ▶ **Baden-Wuerttemberg** (BW) hosts **8%** of our sample, most of them located in Heidelberg
- ▶ InsurTechs within other federal states make up for **15%** of our sample, cumulated as **others**

Number of German InsurTechs per state (cumulative)



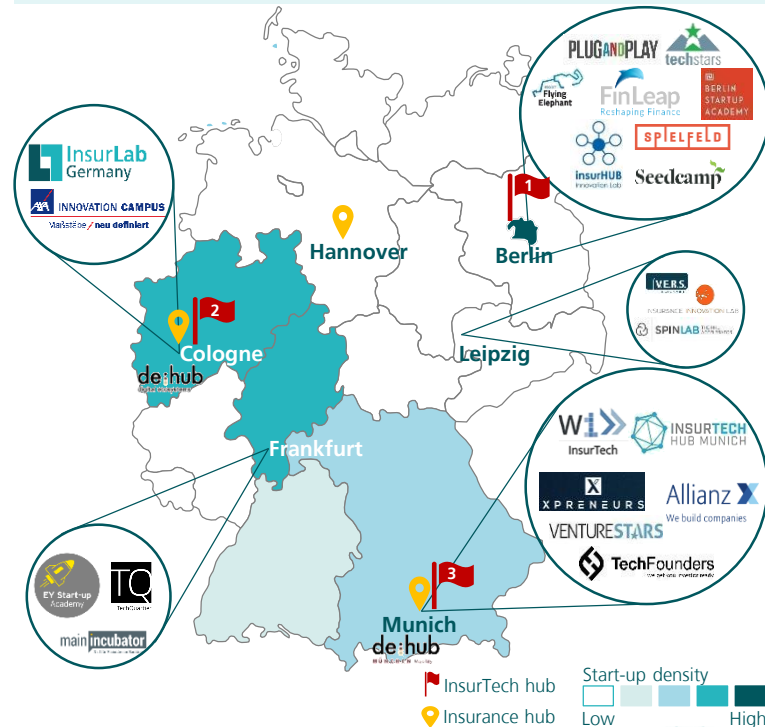
Source: EY Analysis

Berlin is leading in InsurTech, but in Cologne and Munich start-up and incumbent ecosystems coincide

Geographical distribution of insurance ecosystems

- ▶ Alongside growing InsurTech communities, the presence of e.g. accelerators and insurers are important drivers for functioning innovation ecosystems, e.g. for support and financing*
- ▶ **Berlin's** appeal as leading InsurTech hub comes from its thriving start-up ecosystem and the presence of numerous accelerators, company builders, etc. On the other hand, Berlin's relative distance to the insurance industry may be a drawback
- ▶ **Cologne**, a major incumbent hub, was chosen by the de:hub initiative of the Federal Ministry of Economics as an official InsurTech hub. With the launch of InsurLab Germany e.V. in late 2017 it has become a thriving platform for industry exchange
- ▶ **Munich** connects insurance and innovation players with a significant InsurTech community and is thus ideally positioned to cement its leading position. It was chosen by the de:hub initiative as an official InsurTech hub besides Cologne
- ▶ Emerging Tech and start-up hubs include **Frankfurt** and **Leipzig**. Given their growth trajectory and a variety of ongoing industry and official initiatives, we expect particularly strong growth in the Frankfurt ecosystem
- ▶ Generally speaking, recent years brought more and more international innovation programs, such as Techstars and Startupbootcamp, to Germany. Similarly, the number and professionalism of corporate support programs have increased, underlining the potential of the German InsurTech and start-up ecosystem

Selected initiatives enabling InsurTech



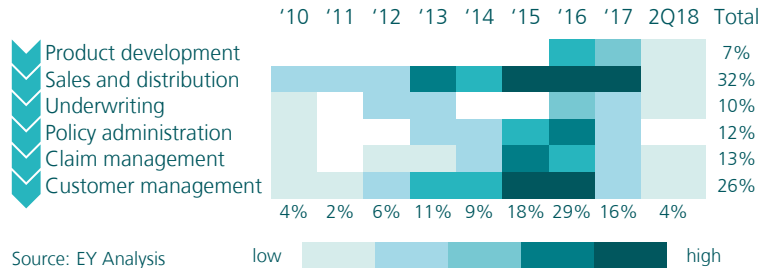
*A number of additional innovation ecosystem participants, such as universities, public administration and political initiatives, among others, also contribute to successful ecosystems.

InsurTechs actively intensify their footprint on the incumbent value chain

InsurTech focus on the incumbent value chain

- ▶ In its beginnings, InsurTech almost exclusively focused on business models around sales and distribution and the corresponding customer service capabilities needed to satisfy customer relationships
- ▶ With the emergence of new business models, InsurTechs have continuously worked to expand into additional areas of the value chain
- ▶ With the emergence of risk carriers in 2016 and 2017, impact in back-office functions, such as product development and policy administration, strongly increased; non-InsurTech start-ups will likely further accelerate this development in the future

Value chain focus per number of newly founded InsurTechs

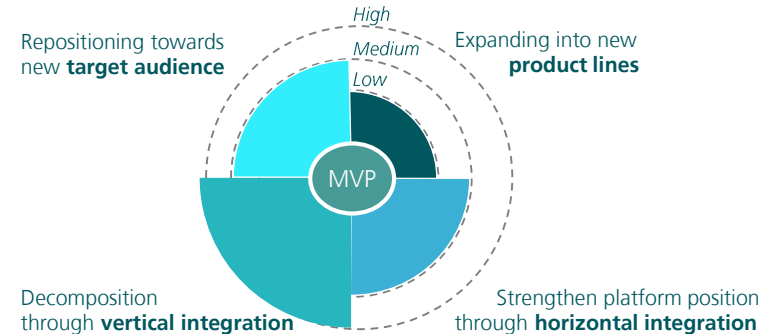


Source: EY Analysis

Focus of business model building strategies

- ▶ Our sample suggests that InsurTechs have focused to different extents on four high-level levers to refine their business models
 - ▶ **Target audience:** due to high customer acquisition costs, more and more InsurTechs reposition from B2C to B2B2C or B2B (white label) solutions (c.f. page 18)
 - ▶ **Product lines:** so far, few InsurTechs have launched in different product groups (P&C, Life, Health), though this may intensify with increasing maturity (c.f. page 18)
 - ▶ **Vertical integration:** InsurTechs expand the functional scope of MVPs to disintermediate larger parts of incumbent value chains (c.f. page 17)
 - ▶ **Horizontal integration:** Industry borders blur, e.g. through intensifying bancassurance (c.f. page 23)

Prevalence of business model building strategies



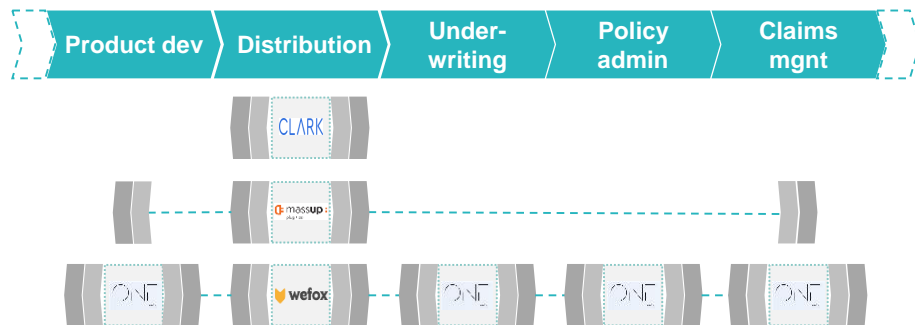
Source: EY Analysis

Expansion of the functional product scope increases effects from value chain decomposition

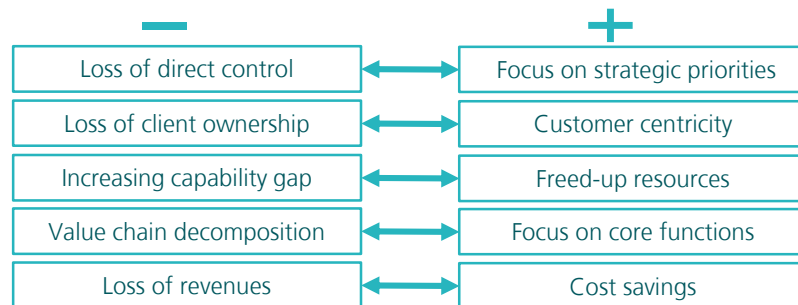
Value chain decomposition

- ▶ Value chain decomposition describes the fact that, by expanding the functionality of their product portfolio, InsurTechs support or capture increasingly large parts of the incumbent value chain
 - ▶ InsurTechs like **Clark** (before starting B2B collaborations) expanded their digital insurance folder MVP by introducing optimization functionality and digital advisory processes to enhance convenience and capture the customer ownership
 - ▶ **MassUp** complemented their broker / agent enablement software by product development services
 - ▶ The **wefox group** combines their broker platform with a proprietary risk carrier to push proprietary products to market
- ▶ Despite the fact that most InsurTechs have turned their market approach from disruption to collaboration, incumbents may closely assess the specific risks and rewards of integrating InsurTech solutions
- ▶ Realizing that decomposition by InsurTechs may be mutually beneficial, incumbents have in some cases started to collaborate, though not fully voluntary

Selected examples of value chain decomposition



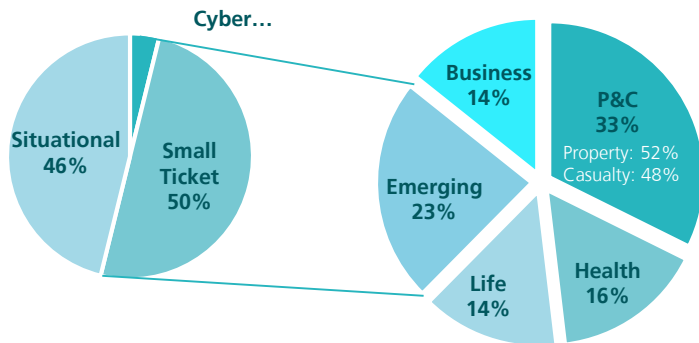
Selected considerations under the decomposition dilemma



P&C products and B2C business models dominate, but new business model dynamics unfold

Analysis by product line

- ▶ The majority of InsurTechs tend to build their business models around less complex P&C products, particularly liability and casualty insurance
- ▶ 50% of InsurTechs focusing on emerging insurance products focus on small ticket policies (e.g. for electronic devices); situational policies (e.g. for short-term accident insurance) are the second dominant emerging product group
- ▶ A significant share of InsurTechs does not specialize on particular product lines, particularly distributors and personal assistants*
- ▶ Only 16% of the sample focus on health insurance, although this should be seen under the consideration of the fast growing HealthTech segment (subject of future studies)

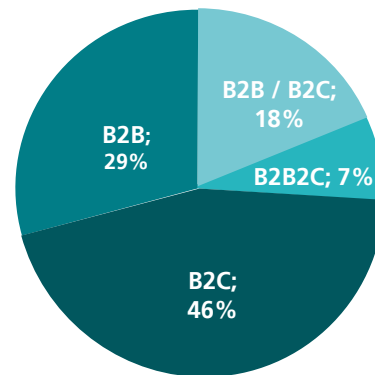


Source: EY Analysis

*The business models of these InsurTechs are inherently dependent on optimized product coverage to increase customer value. Due to their lack of product focus, we have excluded these InsurTechs from this particular analysis in order to maintain a meaningful sample.

Analysis by client segment

- ▶ Today, pure B2C business models today account for 46% of the InsurTech sample; however, high customer acquisition costs have proven to be insurmountable for the majority of start-ups
- ▶ As a consequence more and more InsurTechs have started to license or expand their technology stacks with corporate partners as multipliers; this has initiated a slow shift from pure B2C models towards hybrid or B2B2C models
- ▶ Almost a third of the analyzed InsurTechs operate under pure B2B business models, mostly as process enablers; the rapid emergence of general Tech players from the data originator and processor groups is likely to establish a new frontier for insurance innovation boosting B2B applications, e.g. in process efficiency or data analytics



Source: EY Analysis

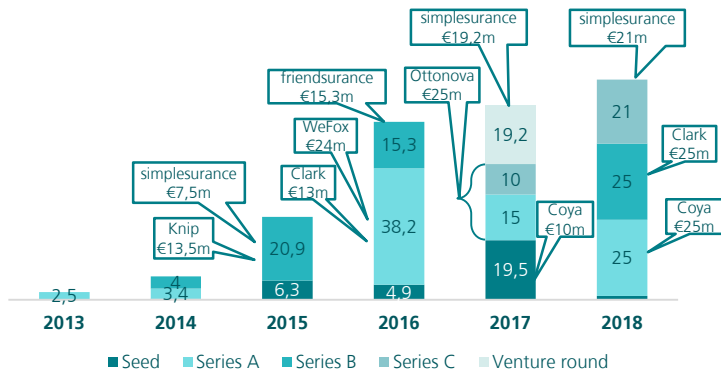
Rising investment volumes suggest growing interest by domestic and international investors alike

- ▶ Total disclosed funding volume of €71m in the first half of 2018 means a new record was established, already surpassing total disclosed investments for 2017
- ▶ The majority of the disclosed funding volume is attributable to large financing rounds by leading InsurTechs
- ▶ Wefox recently announced a new financing round of €150m – 170m, which would be one of the largest investments in any German FinTech to date alongside e.g. N26 (€160m Series C)

- ▶ The investment environment has strengthened as evident from the constantly rising number of financing rounds between 2012 and 2017
- ▶ Growth was particularly strong between 2014 and 2015, with an all-time-high of 15 rounds in 2017

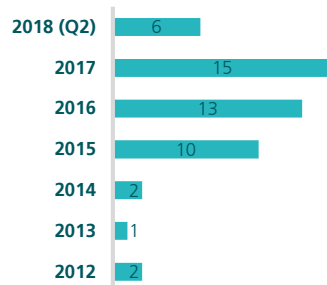
- ▶ German investors are the largest investor group for both, lead and non-lead investments; foreign investments are to a large extent from the US, complemented by other industrialized economies
- ▶ Investments come from a broad range of investors, including venture capital, private equity, family offices, as well as national and international insurance companies

Disclosed funding volume of German InsurTechs (€m) per year



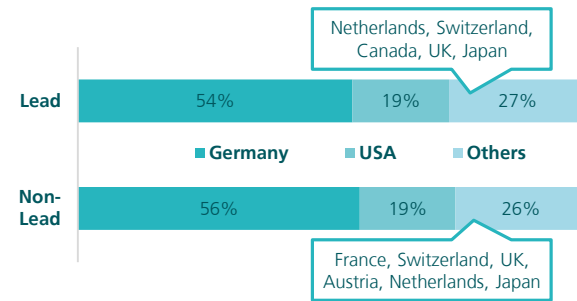
Source: Crunchbase, EY Analysis

Disclosed and undisclosed funding rounds by German InsurTechs



Source: Crunchbase, EY Analysis

Investor pool of German InsurTechs by country of origin (%)



Source: Crunchbase, EY Analysis



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Incumbents leverage different approaches to collaborate and compete

	Acquire	Invest	Build	Collaborate	Cooperate
Description	<ul style="list-style-type: none"> Acquire start-up, Intellectual Property, or talent Integrate or let operate stand-alone in alignment with strategic rationale 	<ul style="list-style-type: none"> Lead or participate in funding rounds Obtain limited access to technological features, clients, or capabilities enhancing existing product and service portfolio 	<ul style="list-style-type: none"> Build own products from scratch Products (functions, look, feel) 100% represent the brand Maximum control over technology and resources 	<ul style="list-style-type: none"> Support young companies through incubators, accelerators or innovation labs Limited investment with varying degrees of influence and control 	<ul style="list-style-type: none"> Cooperate with other market participants (InsurTechs, FinTechs, etc.) Combining skills, manpower, investments and experience
Examples					

* Represents two dedicated investment vehicles: SCOR Life & Health Ventures and SCOR P&C Ventures.

Outbound InsurTech investments are lead by German multinational and multiline insurers

- ▶ Main target markets for investments by major German insurers are the UK and US
- ▶ Funding rounds are on average significantly larger than comparable investments in Germany
- ▶ Participation varies from Series A to later stage funding rounds



Investment (undisclosed) in Lemonade within a venture round



About Lemonade:

- ▶ InsurTech based in New York City
- ▶ Offers homeowners and renters insurance powered by AI and behavioral analytics



Investment of €39m in Trov within a Series D round



About Trov:

- ▶ InsurTech based in San Francisco
- ▶ On-demand insurance platform built around a personal inventory platform



Investment of €31m in BIMA within a Series D round



About BIMA:

- ▶ InsurTech based in Stockholm
- ▶ Mobile insurance solutions for emerging markets



Investment of €30m in Next Insurance within a Series A round



About Next Insurance:

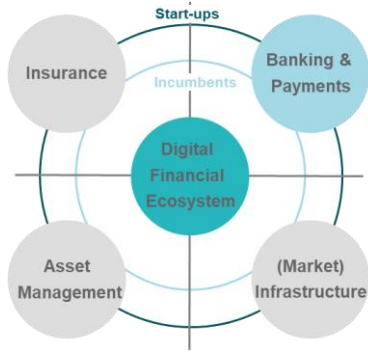
- ▶ InsurTech based in Palo Alto
- ▶ Insurance solutions for small business owners

Large-scale outbound investments into international InsurTechs are currently the domain of the largest German (re)insurers. Tier-2 -insurers seemingly have not taken this path yet.



Strategic moves support the convergence of financial services verticals into digital ecosystems

- ▶ Start-ups utilize cooperations and ecosystems to expand their business models and integrate with multipliers, such as banks, asset managers, insurers and infrastructure providers
- ▶ Insurance companies and banks have made first moves into related financial services sectors; this is the logical next step to retain customer relationships in converging digital ecosystems; by some, this has been labeled as “Bancassurance 2.0”
- ▶ Cross-sectoral cooperations facilitate optimized customer reach and usage frequency by integrating third-party services and products; exploiting the mechanisms of the platform economy is key in building digital ecosystems



Allianz  **N26**

Allianz invested into neobank N26 in a €139m Series C
N26 expands business model, offering insurance products

Joint venture between FinLeap and DVAG to found Deutsche Fintech solutions, supporting complex allfinance solutions

Cooperation between Deutsche Bank and friendsurance to integrate a digital insurance folder into their existing banking landscape

ING  

Multi-country bancassurance cooperation to create a central digital platform offering insurance and banking solutions

Acquisition of 75% of FinTech treefin in 2017. treefin offers customers a digital assistant via app to manage all financial matters

 **moneymeets**

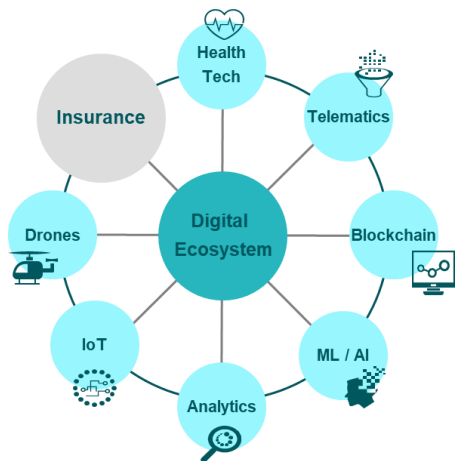
moneymeets cooperates with incumbent partners to deliver a complete B2C and B2B2C “Financial Home” software suite

Ecosystem models allow start-ups to create mutually beneficial relationships with the remaining stakeholders of the ecosystem.



Tech start-ups identifying insurance use cases for emerging technologies are the next frontier

- ▶ Investments through insurance companies are not related to the insurance market exclusively, also including cross-sector investments into emerging technologies, such as IoT, FinTech, HealthTech, or analytics start-ups in Germany and other markets including the UK and US



Example:

Improving life quality through use of data and technology

SCOR investment in *iBeat*



Example:

Recording, transmission and analysis of (mostly) vehicular usage data

GENERALI acquisition of **MyDrive**



Example:

Leveraging blockchain technology for diverse use cases

AXA developed **fizzy**



Example:

Training or programming computers to learn or develop

Baloise Group investment in **omni:us**



Example:

Systematic analysis of data and information investment in

Munich RE



Example:

Connected devices exchanging information (e.g. smart home, Industrie 4.0, etc.)

Munich RE



investment into **relayr.**

delivering business outcomes



Example:

Remote-controlled devices (e.g. for building valuations, etc.)

Allianz



investment in



Successful introduction and use of emerging technologies will define the value propositions of the future. Investments into these areas are the next frontier for insurance innovation.





01

Methodology



02

German InsurTech landscape



03

Market trends



04

InsurLab Germany e.V.

InsurLab Germany: Networking the insurance industry

- ▶ Based in Cologne, InsurLab Germany is an initiative of the German insurance industry. We are a networking platform for innovation and digitization promoting sustainable cooperation between start-ups and established insurance companies and corporates
InsurLab Germany was founded in 2017 by the City of Cologne, the Cologne Chamber of Commerce, the Cologne University, the Cologne Technical University, and insurance companies and start-ups

- ▶ The platform is part of the digital hub initiative "de:hub" set up by the Federal Ministry of Economics and Energy, and an important competence location for the InsurTech scene in Germany



Member structure

- ▶ InsurLab Germany is a joint initiative combining business, innovation, science and public institutions. We aim to strengthen Germany as an InsurTech country. More than 50 companies are members and actively supporting our platform
 -  Insurance companies
 -  Technology providers
 -  Consultancy firms
 -  Public institutions / education
 -  Start-ups

Benefits

Individual match-making

The InsurLab Germany team supports the corporates and start-ups which are part of the platform in their individual networking and strategic needs finding extraordinary potential partners

Our comprehensive network covers all areas of the InsurTech scene and offers a wide scope for innovative strategic partnerships

Accelerator program

The InsurLab Germany accelerator gives founders the unique opportunity to further develop their products and business models together with experts and innovators out of the top-management of our member companies

We focus on the individual potential of our participating start-ups and adapt the program to their respective needs. Our project-oriented scope is unique in the industry

Events and workshops

Bringing together insurers, start-ups, investors, students, corporates, and technology providers to foster and nurture the ecosystem

From office hours, to seminars and interactive workshops, we aim to support our community and create active exchange between all players, eventually leading to cooperation projects

InsurLab Germany campus

Located in Cologne, the InsurLab Germany Campus is a first-class co-working space for start-ups and the digital departments of the member companies of all categories

In addition to modern workplaces, the InsurLab Germany Campus offers all community members and residents exclusive access to potential customers, events, and innovative project partners



Your contacts

InsurLab Germany



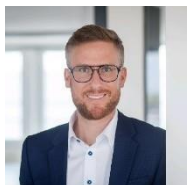
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de:hub
digital ecosystems

