



*PricewaterhouseCoopers Corporate Finance LLC
InsurTech Insights*



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Current Trends

Telemedicine and technology increasingly used to drive down healthcare costs

- Telemedicine, the use of electronic communication and software to provide clinical services to patients, has become a critical component in the health care industry's shift to value-based care. Based on a recent report published by Foley & Lardner LLP, the global telemedicine market will expand with an annual rate of 14.3% through 2020, hitting \$36.2B in market value. Key telemedicine benefits to telemedicine include broad-based accessibility, improved quality of care, increasing patient demand as populations adjust to the utility of telemedicine and cost efficiencies for the whole system
- Many of these telemedicine start-ups and partnerships are hybrid models, effectively combining telemedicine and insurtech to innovate within healthcare and insurance (payor) industries. Our newsletter highlights recent examples of these cases:
 - ✓ Pg. 3: Oscar Health, a fast growing insurtech company uses telemedicine as a key driver for medical cost efficiency, reducing the amount of emergency room visits and unnecessary medical appointments
 - ✓ Pg. 4: Independence Health Group and Comcast have formed a partnership to provide educational content and telemedicine services to customers aimed at improving overall health, driving down healthcare costs

Usage-Based Insurance (UBI) and on-demand inspections for drones

- Our newsletter has previously highlighted interesting use-case scenarios for drones, like the example of DataWing Global, which has conducted 1,200 flights during the most recent hurricane season to collect roof damage data. However, these trends have revolved around claims processing speed and accuracy. This month we discuss several new commercial expansions of drone technology sponsored by large industry players with capital and existing markets: on-demand inspections and usage-based insurance for commercial pilots.
 - ✓ Pg. 3: Solera has announced the acquisition of Fluttrbox, an emerging provider of on-demand aerial property inspections
 - ✓ Pg. 4: Starr Companies, a global specialist in aviation underwriting, and Skywatch have announced an exclusive partnership to offer usage-based insurance for drones. pricing dependent upon piloting skills
- Based on research published by Global Market Insights, the total drone market will be \$100B in value by 2024. This market comprises the following segments: \$70B in military, \$17B in commercial and \$13B in civil applications. Even though development of drone technology started during WWI, the most recent venture capital investments have been the catalyst for the exponential growth of the last few years. There is still much uncertainty, however, around the framework for appropriate safety and regulatory controls and restrictions as the technology continues to improve and use cases broaden

Corporate insurers using a variety of angles to innovate through insurtech

- It is clear that the focus on the insurtech industry is continuing to grow year on year with approximately \$2B in capital raised during 2017¹. The numerous start-ups are supported by investments from venture capitalists, traditional private equity and various insurance incumbents, whether directly or through their in-house corporate venture funds. Interestingly, we note that pure investment is not enough for insurance companies to drive innovation and change within the industry. There is clear competition between industry incumbents to find new methods to drive efficiencies within their own businesses. The most effective way to harness efficiency appears to be through strategic partnerships with insurtech start-ups where companies get to test the new technology within their own businesses rather than through full acquisition
- Another trend is to capture innovation through mentoring start-ups, participation in innovation “accelerators” or labs or funding research initiatives with universities.
 - ✓ Pg. 5: MetLife is investing in a digital venture fund and partnering with MIT to accelerate the speed of innovation in insurtech
 - ✓ Pg. 5: Eos Ventures, Harford Insurance, and Startupbootcamp are partnering to fund and mentor insurtech innovation in Hartford and London

Recent Investments / Acquisitions

Oscar Health announces \$165M funding round

- Oscar Health, a health insurance start-up, announced a \$165M late stage round, valuing the company at approximately \$3.2B. The capital raise was led by Brian Singerman and Founders Fund, and included follow-on investors Verily Life Sciences, Fidelity, CapitalG, Khosla Ventures and General Catalyst Partners, among others. This is the eighth round of funding by Oscar, culminating in approximately \$904M in total capital raised to date. The new capital will be used to deepen current investments in technology and accelerate geographic expansion to 4-5 new cities each year
- Founded in 2013, Oscar Health is headquartered in NYC and offers personal and commercial health insurance across 6 states: California, Ohio, New Jersey, New York, Texas and Tennessee. Based on a recent company strategy report, Oscar management expects to generate approximately \$1B in premium revenue by serving 260,000 members before year-end 2018. This will represent a \$300M nominal increase in premiums written over 2017
- Oscar Health primarily offers tiered medical care plans (Bronze, Silver, Gold and Platinum), all of which offer identical coverage, but differ in deductible levels: 60%, 70%, 80%, and 90%, respectively. Beyond traditional insurance coverage, Oscar also offers mobile solutions through its proprietary app. The mobile app gives members access to 24/7 telemedicine, access to doctors and concierge teams, digital prescriptions, and a step-tracking program that offers gift cards to active users.
- Telemedicine has been a primary approach for driving financial success for Oscar Health, with the goal of reducing ER visits and healthcare spend

CampusLogic announces capital raise of \$55M

- CampusLogic, a student financial services company, has announced a capital raise of \$55M from software investor JMI Equity. The new capital will be deployed to further increase user adoption of CampusLogic products. The company has also expressed interest in exploring potential strategic acquisitions to add breadth and scope to its current platform offering, specifically around college savings
- Headquartered in Phoenix, and founded in 2011, CampusLogic has been developing SFS software, currently serving nearly 500 higher education institutions with more than 3 million students nationwide.
- Based on a recent article published by The Hechinger Report, over 40% of low-income students that get into college are unable to properly navigate paperwork surrounding tuition and financial aid, effectively preventing them from attending class in the fall. CampusLogic is on a mission to increase accessibility to higher education, reduce student borrowing, and drive down the cost of financial aid. CampusLogic has two key products:
 - **ClearCost:** a comprehensive and personalized evaluation tool that shows costs and related financial aid for each school where a student applies
 - **ScholarshipUniverse:** provides student with an adaptive scholarship matching engine and single hub to manage all potential scholarships and financial aid

Solera acquires Flutterbox

- Solera, a provider of software and operating services to automobile and property insurance claims, has announced the acquisition of Flutterbox, an emerging provider of on-demand aerial property inspections, for an undisclosed amount. Solera will diversify its claims services business and geographic reach with Flutterbox, which serves large commercial customers in both the U.S. and Canada. Flutterbox will also benefit from the application of Solera's software services and ability to scale immediately to all of Solera's current customers
- Headquartered in Montreal, Flutterbox deploys its drone and aerial technology to deliver highly granular property detail to insurers, reducing both time and cost of underwriting and claims processes. More specifically, the technology eliminates the need for insurance companies to hire roof inspection professionals for physical inspection. This alone saves carriers hundreds of dollars per inspection
- Solera (Nasdaq: SLH), was founded in 2005 and is headquartered in Westlake, Texas, and employs approximately 5,500 FTE. The company strives to become the leading technology developer and intelligence system for processing auto and home insurance claims. In addition to Flutterbox, Solera also acquired RedCap Technologies (RedCap), a mobility and logistics platform that enables out-of-store vehicle and customer experiences. With this acquisition, Solera can focus on changing the way dealerships offer test drives, car service repair and on-demand car delivery

Recent Partnerships

Comcast and Independence Health Group partner on telemedicine

- Independence Health Group, a large regional healthcare company based in Philadelphia, PA, and Comcast (Nasdaq: CMCSA), a global media company, have announced a partnership to work on a new communication platform to improve efficiency and experience of healthcare delivery. The partnership plans to provide patients with personalized information about an individual's *healthcare journey*, including educational content and access to telemedicine services. The partnership intends to expand the offering to the rest of the US by deploying across additional electronic devices during the second half of 2018
- Independence Health Group has nearly 8.5M customers across 24 states. In recent years, the company has been exploring partnerships and investments to create high-impact health care innovations. Of these partnerships, a primary example would be the Achieve Well-being alliance, an online toolset that helps members achieve personal health goals.
- The market has seen the announcement of many other cross-industry partnerships in the quest for innovation – and price reduction -- in healthcare, whether through data analytics, telemedicine or market share pricing power. Several other notable partnerships in health care include: CVS Health / Aetna, Roche / Flatiron Health, and Amazon / JPMorgan Chase / Berkshire Hathaway

XL Catlin partners with Praedicat

- XL Catlin has announced a partnership with Praedicat, an insurtech analytics company, to help clients address changing liability insurance needs. The partnership will include a multi-year engagement where Praedicat will provide XL Catlin access to its proprietary latency risk model, mass litigation scenarios, as well as software on emerging risks called *CoMeta* and *Oortfolio*. The company uses its technology to mine over 22 million peer-reviewed scientific journals to determine the evolution of and better prediction of future emerging risks. Praedicat's two primary software products are:
 - **CoMeta:** innovative software that concurrently tracks 150 emerging risks and provides measures and visualizations for technical casualty underwriting
 - **Oortfolio:** software that runs deterministic casualty CAT scenarios to help companies estimate performance of certain portfolios and underwriting strategies
- Additionally, Praedicat has recently completed a \$6M Series AA funding round. The capital raise was led by Frank V. McMahon, a new investor and partner at American Discovery Capital, with follow-on from existing investors, Risk Management Solutions (RMS) and Jacques Dubois. The investment will fund the development of Praedicat's groundbreaking latency models and emerging risk software. Launched in March of 2012, Praedicat is headquartered in Los Angeles, CA with approximately 30 employees. Since inception, the company has raised a total of \$18M in venture funding at an undisclosed post-money valuation

Starr and Skywatch partner on UBI Drones

- SkyWatch, a licensed drone insurance producer (agent), has announced an exclusive partnership deal with Starr Companies, a leading aviation insurer in the global insurance market. The partnership will grant Starr access to SkyWatch drone flight data, helping Starr more accurately underwrite insurance policies for drone pilots. Starr is aspiring to provide unique usage-based insurance premiums to drone pilots based on live in-flight telematics data.
- Founded in 2016, SkyWatch provides drone pilots with "*pay-how-you-fly*" insurance. Prior to providing the full scope of drone coverage and discounts, pilots must have a history of 5 separate flights recorded with good to high *Safety Scores*. In addition to insurance, SkyWatch offers unique features in each portion of the flight:
 - **Pre-flight:** plan flight path to avoid high risk locations while calculating per hour insurance premiums
 - **Mid-flight:** fly with a live sky module that will update the pilot of real-time flight risks like low battery and low flight trajectories
 - **Post-flight:** review and analyze flight summary and proprietary *Safety Score*
- The technology provided by SkyWatch can be used anywhere in the world. However, insurance coverage is currently available to U.S. citizens in only 45 states. While SkyWatch is not a fully licensed insurance company, it is currently in partnership with several undisclosed insurance underwriters

Clearcover, focusing on eliminating waste in auto insurance and providing better coverage at affordable rates

- Clearcover is a Chicago-based auto insurance start up founded in 2016 by industry veterans CEO Kyle Nakatsuji and COO Derek Brigham. The mission of the company is simple: eliminate wasteful spending on things that customers don't really care about like excessive advertising while also optimizing technology to provide targeted and affordable coverage in the "moments that insurance matters." Clearcover's moment-centric distribution model is enabled by partnerships with companies like auto shopping websites, price comparison engines, digital agents and personal finance management apps. By limiting spending on unnecessary items and utilizing innovative AI and mobile technology to improve processes like managing claims, Clearcover is able to offer coverage for up to 50% less per month
- The Company launched its first auto insurance product in California in February 2018 and has written over 1,500 policies to date with over \$2M annual written premium. Feedback from customers has confirmed Clearcover is providing the same or better coverage at significantly lower costs, proving there is a better way to buy auto insurance. Clearcover is focused on continuing its penetration into the California market with additional plans to expand further in the United States in the near term. The Company raised \$11.5M in a September 2017 initial funding round led by Lightbank with participation from American Family Ventures, Greycroft Partners and Silicon Valley Bank, among others

MetLife agrees to join MIT's Media Lab

- MetLife has announced a collaboration with the Massachusetts Institute of Technology (MIT) to expedite the process of developing innovative technologies in the insurance industry. MetLife will be joining the university media lab as a "consortium member," with the intention of deploying the newly developed technology across the entire scope of its business. The media lab consists of 26 research laboratories and 450 active projects -- a research group that has produced technologies such as the touch screen, global positioning system and numerous wearable gadgets
- The partnership will be a multi-year endeavor and will focus in the areas of sensors (internet of things), social data, digital records, machine learning, and data science. MetLife believes that these technologies should be a primary focus, reinventing customer experience, simplifying underwriting strategies and improving risk management. MetLife, in collaboration with MIT, has shown increasing commitment to developing a sustainable insurtech innovation ecosystem. The company has recently launched two insurtech investment programs to support interesting insurtech start-up companies: MetLife Digital Ventures and MetLife Digital Accelerator
- MetLife Digital Ventures, backed by \$100M in co-investment, will be combined with additional capital from other venture capital partners. MetLife Digital Ventures is investing with a focus on accelerating digital transformation at MetLife

Eos Venture Partners to raise \$100M fund for InsurTech

- Eos Venture Partners (Eos), a specialist venture capital investor has announced the intention to raise a \$100M insurtech fund, EVP I. The fund will be one of the first global, independent funds focused solely on investments in insurtech companies. Since its founding in 2016, Eos has invested in 8 separate companies, including: Neos Insurance, RightIndem, Democrance, and Laka, among others. The Venture firm is "purpose-built" to bridge the gap between traditional insurance and innovative insurtech startups
- The fundamental business model of Eos is to drive returns on investment while investing in disrupter, innovation business models. A recent example of such an investment is the partnership Eos established with Startupbootcamp and Hartford InsurTech Hub in October 2017. Eos committed \$1M in capital and other additional resources to all startups participating in the program, and mentors certain startups to refine the business model
- The company is headquartered in London, with an additional office in Philadelphia. The firm is also opening an insurtech innovation lab in India by year-end 2018 called EoSphere. This lab will provide necessary infrastructure and local talent to launch portfolio companies into the Indian market

Select InsurTech U.S. Capital Raises – April

Announced	Target	Business Description	Capital Raised, Round/Total (\$M)	Current Round Investors
01-Apr-2018	SenceTech	Health monitoring wearable device monitors blood pressure, offers biofeedback through real-time cloud based tools	n.a / n.a	MassChallenge
03-Apr-2018	HealthFinch	Healthcare automation platform uses EMR data to automate, delegate and simplify routine, repeatable tasks, like prescription refill requests	5.7 / 16.4	Adams Street Partners
05-Apr-2018	Welltok	Data-based platform tracks and engages population health behavior at the individual level to help meet personal goals and optimize health	117.1 / 355.9	Australia Future Fund, Bessemer Venture Partners, Emergence Capital Partners, Everyday Health, Flare Capital Partners
09-Apr-2018	Cover	Mobile insurance brokerage application takes a picture of the property users want to insure, like cars, homes, pets and jewelry	n.a / 10.9	OneEleven
10-Apr-2018	hcl.com	Cloud-based healthcare relationship management platform designed to personalize healthcare experiences for providers and patients	7.0 / 28.1	Elevate Ventures, Health Cloud Capital
11-Apr-2018	Livongo	Disease management platform delivers personalized health management through real-time information, feedback and ongoing support	105.0 / 237.0	7wire Ventures, DFJ, Echo Health Ventures, EDBI, General Catalyst Partners, Kinnevik, Kleiner Perkins Caufield & Byers
11-Apr-2018	Aetion	Health care technology platform designed to offer real-world analytics and evidence to pharmaceutical developers and purchasers	36.4 / 47.6	Amgen Ventures, Flare Capital Partners, Lakestar, New Enterprise Associates, Oxon Partners
12-Apr-2018	CarBlock	Blockchain-based transportation technology intended to use data generated by smart devices for insurance and traffic monitoring	n.a / n.a.	China Growth Capital, Fenbushi Capital, HP Jin,
18-Apr-2018	Starship	Developer of a HSA application designed to unite savings, investing and health tracking tools	0.2 / 0.2	500 Startups
18-Apr-2018	Salusive Health	Developer of a health data management platform designed to streamline the processes associated with patient and disease management	0.2 / 0.2	500 Startups, Sutter Health Master Trust
18-Apr-2018	Kyruus	Provider of an information exchange platform designed to help healthcare providers match patients with the best suited doctors	10.0 / 76.5	Providence Ventures
19-Apr-2018	RubiconMD	Specialty e-consults for clinicians through its web-based platform provides enables quick remote opinions that eliminate unnecessary visits	13.8 / 19.9	Alma Mundi Ventures, Blue Ivy Ventures, Centene, Dioko Ventures, Heritage Medical Systems, HLM Venture Partners, Optum Ventures, Waterline Ventures
19-Apr-2018	Contessa	Home recovery care model allow for acute care, post-acute care, and surgical procedures with administrative support services	n.a. / 10.5	BCBS Venture Partners, Health Velocity Capital, Noro-Moseley Partners, Sandbox Industries
26-Apr-2018	Wellist	Online marketplace connects patients to loved ones and local service vendors who want to provide support through a web-based tool	5.7 / 8.6	Boris Revsin, BOSS Syndicate, David Chang, Peak6 Sports, Start Tank Boston, Steve Wolfe, Vinay Seth Mohta
25-Apr-2018	VisuWell	Telehealth engagement platform designed to promote continuity of care and access to health services	n.a. / n.a.	Blank Slate Ventures, CVH Holdings, Gigtank, Longmeadow Capital Partners, Mozilla Ignite, PJC, The Company Lab, UltraGroup
25-Apr-2018	Doctor On Demand	Platform designed to connect consumers and board-certified physicians, licensed in all 50 states, in order to conduct real-time video medical and mental health consultations	74.0 / 165.0	Blue Cloud Ventures, Goldman Sachs Investment Partners, Lerer Hippeau Ventures, Princeville Global, Qualcomm Ventures, Ridgeview Asset Management, Shasta Ventures

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