



*PricewaterhouseCoopers Corporate Finance LLC*  
*InsurTech Insights*



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# Current Trends

## ***Aging demographic shifts Investor focus to Eldercare***

- As the Baby Boomer generation nears retirement increasing the retiree population at an unprecedented rate, the need for eldercare services is becoming a key focus for the many stakeholders looking to manage healthcare costs. For insurers and managed care providers, of importance is keeping seniors in their homes longer and out of an institutional setting
- While the government historically favored institutional care settings for aging adults, policy shifts in recent years have encouraged expansion of in-home care services and improved funding for individual-centered care plans. Likewise, commercial insurers acknowledge the value of in-home care and are beginning to allocate resources accordingly
  - ✓ Note Generali Global Assistance's recent acquisition of CareLinx is an interesting example of how companies are creating new solutions, leveraging technology to provide customized solutions to aging populations. CareLinx also has a partnership in place with Lyft to increase transportation accessibility for seniors.
- Technology players are also taking notice of the shifting demographics. Both Lyft and Uber have launched programs that allow seniors to book rides through a phone operator rather than through a smartphone. Other on-demand startups such as the new version of Meals on Wheels, Instacart, and Envoy offer food delivery solutions which may also help to solve for the overlooked challenge of senior hunger

## ***Accessing Underinsured Market Segments – Small Businesses, Contractors, Tenants and Landlords***

- Tapping into underinsured market segments is a meaningful way for insurance companies to grow their customer base but the primary stumbling block is access to these buyers. In general, small businesses and 1099 contractors are either underinsured or have difficulty finding insurance appropriate to their needs. A key driver of demand are small businesses or contractors requiring insurance as part of a business contract. For example, to get a commercial lease, a general liability insurance policy is often a requirement. As for contractors, they often require proof of E&O coverage when working with large, high-paying clients
- These demographics often have trouble finding insurance for a variety of reasons such as agents lack of motivation to write these small policies, short term nature of the insurance need, or in the case of tenants and landlords, lack of knowledge that these policies exist or how to purchase them
  - ✓ Bunker Insurance is an interesting example of how technology can assist in providing access to a marketplace where small business owners and contractors can find the insurance they need, and easily. The company launched its first usage based insurance product for independent contractors in September
  - ✓ Another example is Cozy's recently announced partnership with Assurant offering renter's insurance for tenants and landlords through the Cozy platform (an online property management site for landlords and tenants)

## ***Emerging Technology – Artificial Intelligence and Data Analytics in Claims Processing***

- Historically, the insurance industry has been resistant to change and slow to adopt to new technologies. It is clear this is changing with many large players indicating that adapting emerging technologies will be at the forefront of their strategic plans. One area having a broad impact is the adoption of artificial intelligence (AI) and data analytics in claims processing
- In general, companies that have automated aspects of their claims processing have seen significant increases in accuracy and efficiency. A new process of "touchless" claims doesn't require human intervention compared to the typical process where the claims are handled by multiple workers. This process uses artificial intelligence and other technology to report the claim, capture damage, audit the system and communicate with the customer
- AI-powered claims could also improve one of the most costly elements of the insurance industry, fraudulent claims, which cost the industry tens of billions of dollars per year. Instead of relying on humans to manually comb through reports to catch inaccurate claims, AI algorithms can identify patterns in the data and recognize when something is fraudulent

# Recent Investments

## ***Generali Global Assistance Acquires CareLinx\****

- Generali Global Assistance, a division of EuropAssistance Group and part of the Generali Group, acquired CareLinx, a leading nationwide, tech-enabled caregiver marketplace. CareLinx has established a nationwide network of over 200,000 professional caregivers who leverage proprietary digital care plans to better assist the elderly, individuals with disabilities, and people with chronic health conditions that affect their ability to cope with the activities of daily living. The transaction was signed in August, closed on September 25<sup>th</sup>.
- CareLinx provides an alternative to traditional care solutions including skilled nursing facilities, independent living and assisted living facilities, offering seniors and disabled individuals the opportunity to be cared for in the comfort of their homes. Given the marketplace nature of the business, families have a flexible, affordable, on-demand alternative for quality in-home care. Through its customized care plan solution, CareLinx also helps to drive down readmissions by intervening earlier in health crises.
- Generali Global Assistance intends to expand CareLinx non-clinical-in-home caregiving experience with its existing remote support center that currently provides 24/7 nurse and doctor-supported telephonic medical assistance and navigation

## ***Roost raises \$10 million in Series B***

- Roost, a developer of home telematics for property insurance carriers, raised \$10.4 million from three international insurance industry companies, Aviva Ventures, Desjardins Insurance, and Fosun RZ Capital, with further participation from previous investors. Including this round, the Company has raised a total of \$17 million to date
- Roost, based in California, has products including the Roost Smoke Alarm, Smart Battery and, Leak Detector, which is able to detect water leaks or temperature and water issues. These products record data which can be viewed on the mobile app and help insurers provide home telematics products and services
- The Company's primary go-to-market approach is through Insurers that deploy the product directly to policyholders, which both reduces claim cost expenses and drives policyholder engagement through their digital mobile app experience, increasing retention and reducing customer acquisition cost
- The funds will be used for further product development and an expansion of new product services for Roost's insurance partners: Desjardins, USAA, Liberty Mutual and ASI. The Company also announced a partnership with Willis Towers Watson in May to launch a claims data sharing consortium to help insurers test the effectiveness of water and fire smart home technologies

## ***Bestow raises \$2.5 million in seed capital led by New Enterprise Associates***

- Bestow Inc., an InsurTech startup focused on providing a new approach to life insurance, has announced a \$2.5 million seed round led by New Enterprise Associates, with participation from Core Innovation Capital, Morpheus Ventures, and 8VC. This brings its total financing raised since inception in 2016 to \$3.1 million
- Founded by Melbourne O'Banion and Jonathan Abelman, these two entrepreneurs want to launch a consumer-first life insurance solution driven by analytics and technology. Bestow is designed to align with customers by reducing friction and cost and providing top-rated financial products
- Bestow says that while 85% of Americans believe they should have life insurance only half as many actually purchase it. Bestow believes this disconnect is due to misinformation, perceived cost and hassle of going through the process. Bestow intends to launch an online solution enabling users to learn, apply, buy and manage coverage needs on-demand. By removing this need for face-to-face interaction, including agent and medical exam requirements, Bestow hopes it will not only significantly decrease the time taken to purchase and issue a policy, but also make the process more customer friendly

Note\*: Generali Global Assistance was advised by PwC CF

Sources: PwC CF Research

# Notable Partnerships

## ***Farmers partnership with drone startup Kespry***

- Farmers Underwriters Association (Farmers), the US based multi-line insurer has partnered with drone startup Kespry to help assess damage to residential roofs after significant weather events, thereby increasing the efficiency of residential claims adjusting
- Once on site, claims adjusters unpack the fully assembled drones and launch them from their iPads. Each drone has to remain in the line of sight of a claims adjuster while flying below 400 feet in accordance with FAA rules. Within minutes after the flight, the data collected is scanned and sent to the insurance company for processing. The drones are intended to supplement not replace adjusters, with Farmers estimating that adjusters can process three homes an hour with drone assistance compared to three homes in a day without
- Farmers, Allstate and State Farm, the three largest property insurers in Texas are expected to use an unprecedented number of drones to assess billions of dollars in damage for the insurance industry in the wake of Hurricane Harvey. This will provide a significant opportunity to prove the effectiveness of drone technology in assisting loss adjusting efficiency and accelerating payouts for policyholders

## ***Cozy Partners with Assurant to Offer Renter's Insurance***

- Portland-based Cozy, an online property management site for landlord and tenants, has announced a partnership with Assurant to offer renter's insurance through Cozy's platform. Cozy's CEO believes it has been difficult for landlords and tenants to navigate the renters insurance market and know where to go to get coverage.
- The Cozy online property management platform handles the entire rental process for landlords — from online listings, to tenant applications and screenings, to receiving rental payments. With the new partnership, tenants that require renters insurance as part of their contract can obtain Cozy Renters Insurance. For landlords who want to require renters insurance, they check a box in the Cozy system and renters will be offered the Cozy product during their rental agreement transaction. The landlord will be notified when coverage is obtained and sent proof of insurance
- Cozy has 33 full-time employees and is used by 163,000 landlords and 400,000 tenants across the country with the majority of Cozy's landlord customers being independent rental owners who have between one and 50 units

## ***Bunker, partners with Chubb to launch its first usage-based insurance product for independent contractors***

- San Francisco-based start-up Bunker is the first ever contract-related insurance marketplace for contractors and small businesses. Started in 2015, the Company raised \$6 million in June from its Series A funding round with investment from Hiscox and American Family, among others. Prior to founding Bunker, Chad Nitschke (CEO) spent fifteen years working for leading insurance carriers.
- Bunker's free marketplace enables it to deliver the exact business insurance policies at the moment they're needed, covering exactly what the business owner requires for coverage. The company's technology is designed to make it easier for 1099 contractors and small businesses to be able to obtain the required insurance products they need in an affordable way
- In September, Bunker launched its first usage-based insurance products that allow independent contractors the ability to purchase short term insurance. In collaboration with Chubb, independent contractors can purchase coverage for one engagement or multiple engagements, and select coverage duration in short 3-month durations

## ***Hurricane Aftermath Represents a Strong Test for InsurTech***

- In the aftermath of the hurricanes this year, the insurance industry is left with the significant task of assessing losses, processing claims, and helping those affected to restore their lives. With significant advances in InsurTech in recent years and their impact on business processes, this represents a large opportunity for insurers to test the effectiveness of their investments in this technology
- Some examples of areas where InsurTech's impact will be measurable are:
  - ✓ Data analytics used in predictive modelling to assess losses at the macro level with inputs from terrain data and satellite imagery
  - ✓ Drones to assess aerial damage and assist loss adjusters in improving accuracy and efficiency in processing households (discussed in further detail on the previous page)
  - ✓ Use of mobile apps to assist in efficient transfers of data and claims updates between insurers and their customers
  - ✓ AI technology used in chatbots to assist in reducing call center traffic, and machine learning in underwriting decision making

## ***Nationwide announces \$100 million InsurTech venture capital fund***

- Nationwide Mutual Insurance Company (Nationwide), the Columbus headquartered insurance and financial services provider has announced more than \$100 million will be allocated to venture capital funding toward startups developing customer-centric platforms leveraging digital, mobile and analytics technologies. As part of this focus, Nationwide also announced the hire of Scott Sanchez as its first chief innovation officer, beginning in September. Sanchez is tasked with managing the company's Fintech and InsurTech venture capital strategy, including its recently launched startup incubator, Refinery 191
- In a bid to stay on top of innovation and changing consumer preferences, the \$100 million will be invested in: customer-centric solutions that help members live comfortably in retirement, meet their insurance and financial needs in novel and digital ways, protect their data and digital assets, and protect them in the evolving area of mobility
- As part of this effort, Nationwide launched Nationwide Ventures in early 2016 to invest in startup companies with six investments made to date, including bloom, Insurify, Next Insurance, as well as Sure, with which Nationwide entered into a strategic partnership to digitally distribute renters insurance

# Select InsurTech U.S. Capital Raises – August

Announced	Target	Business Description	Capital Raised, Round/Total (\$m)	Current Round Investors
08-Aug-2017	Mira	Developer of a machine learning and artificial intelligence insurance platform designed to compare free quotes from the top life insurance companies.	0.15/0.15	500 Startups
08-Aug-2017	Fo-Sho	Provider of a peer-to-peer insurance platform intended to simplify the process of buying insurance by making it affordable.	0.02/0.02	Startupbootcamp
08-Aug-2017	Crop Pro Insurance Services	Provider of crop insurance products and services	8.0/8.0	Finistere Ventures, GuideOne Mutual Insurance, Seed 2 Growth Ventures
08-Aug-2017	Jetty	Developer of finance and insurance products designed to solve the problems both consumers and landlords experience during a home rental process	11.5/15.5	Valar, Ribbit Capital, SV Angel, BoxGroup, Red Swan
08-Aug-2017	Groove Health	Developer of a data-driven analytics platform designed to improve medication adherence	1.6/1.6	Private investor
08-Aug-2017	Kyndi	Developer of artificial intelligence (AI) products designed to help organizations anticipate and act on opportunities and threats	8.5/n.a.	Citrix Systems, Darling Ventures, PivotNorth Capital
10-Aug-2017	Lapetis	Developer of cloud based biodemographics and facial analysis software designed to predict the future of life events and insurances	3.5/4.7	Private investor
11-Aug-2017	Apostrophe	Developer of an online health insurance platform designed to offer plug-n-play health care plans for self-insured employers	0.12/1.27	Better Ventures, Commerce.Innovated, Royal Street Ventures, Techstars
14-Aug-2017	HealthJoy	HealthJoy is a healthcare decision platform that helps consumers protect out-of-pocket expenses through better decisions.	3.0/6.0	Chicago Ventures, GoHealth, kCura, OurHealth, Sidekick Fund, Social Capital
22-Aug-2017	Surematics	Developer of a real-time distributed ledger software designed to help commercial insurance brokers structure complicated deals	0.12/0.12	Y Combinator
22-Aug-2017	Stride Health	Provider of a insurance recommendation platform designed to offer health insurance services	23.5/41.0	F-Prime Capital Partners, New Enterprise Associates, Portag3 Ventures, Venrock
23-Aug-2017	Gabi Insurance	Developer of an insurance management mobile application designed to help consumers save their existing policies and receive the correct coverage	2.6/2.6	A Capital, Proejct A Ventures, SV Angel
23-Aug-2017	Lumity	Provider of a healthcare and benefits analysis platform designed to help employers and employees make better, more informed decisions on health plans, benefits and healthcare using data insights.	19.0/33.0	DFJ Growth, Social Capital, True Ventures
23-Aug-2017	Roost	Developer of home telematics for property insurance carriers	10.4/16.9	Aviva Ventures, Desjardins Group, Fosun RZ Capital
24-Aug-2017	Mirador Financial	Provider of a financial insurance platform designed to offer assessing risk of small business loans	n.a./9.7	CMFG Ventures

# Select InsurTech U.S. Capital Raises – August

Announced	Target	Business Description	Capital Raised, Round/Total (\$m)	Current Round Investors
25-Aug-2017	Sherpa (Insurance Business)	Developer of a insurance platform created to provide comprehensive services for personal risk management	2.3/2.3	InsurTech.vc
28-Aug-2017	Coya	Operator of a digital insurance provider intended to protect peoples interests	10.0/10.0	e.ventures, Valar Ventures, Private Investors
29-Aug-2017	ActiveQuote	Provider of a financial platform intended to provide insurance brokerage and comparison services	2.59/2.59	Welsh Government
29-Aug-2017	Truveris	Operator of a health information technology platform designed to offer prescription benefit plans and payers of claims	34.7/54.0	Canaan Partners, McKesson Ventures, NAV.VC, New Leaf Venture Partners

# Select InsurTech U.S. Acquisitions – August

Announced	Target	Business Description	Deal Value (\$m)	Acquiror
02-Aug-2017	OnSource	Provider of a Inspection-as-a-Service platform intended to offer photo inspection for insurance claims	Not disclosed	Genpact
21-Aug-2017	Sequel Business Solutions	Developer of complex commercial and specialty insurance software designed for insurance providers	324.2	HgCapital
31-Aug-2017	ACAExpress.com, Inc.	ACAExpress develops technology solutions and customer service tools that enable insurance agents and individuals to manage health plans	Not disclosed	GetInsured



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