



PricewaterhouseCoopers Corporate Finance LLC
InsurTech Insights



PricewaterhouseCoopers Corporate Finance LLC
Registered broker/dealer and member of FINRA and SIPC

February 2018

Current Trends

Insurtech AI moves into hyper granular weather prediction

- Climate change and its impact, while a topic of heated debate among global leaders and scientists, is the *reality* that insurance companies must face. Based on a recent report by the NOAA (“National Hurricane Center”), Harvey, Irma, and Maria, all of which occurred in 2017, have now been placed in the top 5 most expensive hurricanes in U.S. history with a cumulative of *\$260 billion in estimated damage*
- In our previous edition we highlighted the use of drones and mobile applications by insurers to expedite claims handling and increase precision around data collection. Although these new technologies are both useful and beneficial to client interactions, the reality is that they are reactive and do not help predict risk levels of future catastrophic weather events. Many of the traditional risk models used by insurance industry players are based on historical data and do not display fully how climate change may shift weather risks in the future. With increasing frequency of catastrophic weather threats, companies are growing more cautious about their coverage of current and future real estate assets
- The demand for predictive weather technology is growing, and some key players have already entered the market like FM Global and Marsh. None appear to be as sophisticated as Jupiter which we cover in further detail on page 5:
 - ✓ Jupiter Intel launches granular climate data analytics platform to predict and manage weather damage risk on a building-to-building basis

Insurance adapting to the new gig economy

- The gig economy – an environment where temporary freelance employment opportunities are common – is approaching 35%¹ of the U.S. employable workforce (approximately 60 million people), and is estimated to increase to 43%¹ by 2020. Some examples include Uber drivers, Airbnb hosts, Carelinx.com caregivers, and Amazon Flex mailmen, just to name a few. Most of these opportunities are driven by the development of new online platforms that make it easy to create on-demand marketplaces. This edition of the newsletter covers some new opportunities that have just entered into partnerships with major global insurers:
 - ✓ Outdoorsy and Aviva partner to facilitate RV sharing economy in U.S., Canada, Australia, and New Zealand
 - ✓ Slice Labs partners with Legal & General to offer homeshare coverage in the UK
- With undergoing changes in the U.S. employment structure comes ample opportunity to adapt or create new insurance policies and technology to the ever-evolving economy. As an example, insurance companies now offer Uber drivers separate premium rates for when they use their car for personal use versus work use. In addition to supplying creative new insurance policy solutions, insurance companies will most likely see a shift in the distribution of group and individual insurance, including personal accident or health policies they write with a growing economy of self-employed citizens

Mega-cap companies joining forces to tackle industry issues

- Typically, we view the insurtech industry as an ecosystem of start-up companies looking to apply technology to solve problems or perceived inefficiencies within the traditional insurance market. Supporting this are the various private equity and venture capital funds (both independent and corporate), who continue to invest heavily in the sector. Many of these insurtech companies are able to deliver interesting products often resulting in continued investment, acquisition by, or partnerships with, large insurers. Few have managed to achieve the scale needed or a solution broad enough to force industry-wide change
- The recent announcements listed below are interesting because of the potential scale change they foreshadow. Companies of national or global scale have the ability to change an industry in a far different manner than change from a start up. However, the sheer size of these players may prove to be a limiting factor on its own, since success will depend upon how quickly they can adapt themselves. We highlight some of the high profile companies that have decided to take action into their own hands to solve some of today’s biggest problems:
 - ✓ Amazon, JP Morgan, and Berkshire Hathaway announced a partnership to find a solution to the ever-rising healthcare (and related insurance) costs in the U.S.
 - ✓ Cisco, Apple, Aon, and Allianz announced the launch of a new cyber risk management solution for their clients tackling the issue of cybersecurity protection
 - ✓ Google announces its plan to enter the health services market in population health management through its unit Verily, formerly known as Google life Sciences, with 3M, Sanofi, Dexcom and new hires from insurance and services companies; target number one is Rhode Island

Recent Investments

Outdoorsy raises \$25M from Aviva Ventures

- Outdoorsy, an RV-sharing company, revealed that it has raised \$25 million in a Series B funding round led by Aviva Ventures, followed on by Altos Ventures, Tandem Capital, and Autotech Ventures. The funding will be used to expand sales and marketing, grow geographic footprint, and add to its engineering and product teams
- Founded in 2015, and headquartered in San Francisco, Outdoorsy is the largest renting platform for rentable RVs worldwide (think Airbnb for RVs). The Company's fleet of RVs come from agencies and dealerships in addition to a fast growing community of private RV owners across the U.S., Canada, Australia, and New Zealand. The company has experienced rapid growth, booking over 263,000 rental days in 2017, generating nearly \$100M in revenue. The Company has a goal of mobilizing the more than 17 million idle RVs all around the world. This new technology enabled solution to renting RVs has allowed the Company to capture a large portion of the millennial market with 40% of its user base under the age of 40, significantly younger than the industry average
- Beyond connecting renters to RVs, Outdoorsy provides a range of services like on-demand roadside assistance and automatic DMV verification. Outdoorsy also announced in December 2017 plans to expand into Canada with underwriting assistance from Aviva. The insurance offering can also be accessed in the U.S., Australia, and New Zealand. This is another example of investment or partnerships with disrupters to build loyalty with future insurance customers through creative distribution

ChronWell raises \$4.5M for workers' compensation platform

- ChronWell, a Fort Lauderdale insurtech start-up that is developing an innovative workers' compensation insurance platform, raised \$4.5 million in a Series A round of funding from an undisclosed investor. The company aims to provide a comprehensive and intuitive technology platform as the first line of care for injured workers, providing both employees and employers with a seamless experience for dealing with insurance companies, reducing time and expense for accessing treatment
- The new capital raised will jumpstart the first segment of the company's platform which covers triage, on-site care, care coordination and personalized assistance service. When an employee is injured on the job, a ChronWell health care professional working with Artificial Intelligence will prescribe the best course of action by recommending self-care, on-site care or a healthcare facility. The service also follows the worker and family, providing support, and manages the actual claim
- Founded in 2017, ChronWell has joined a plethora of companies focused on utilizing AI platforms to solve inefficiencies that plague traditional insurance players. As an early mover into AI workers' compensation, ChronWell has a significant opportunity and early mover advantage, but will likely encounter more difficulties due to the higher complexity this line of coverage offers when compared to other less complex coverages/claims services

Tomorrow raises \$5.9M to help develop family financial planning

- Tomorrow, a financial planning application, has announced a \$5.9 million angel seed funding round from Maveron, Center for Financial Services and Echelon Capital bringing total funding to date to \$8.5 million. To provide its insurance services, Tomorrow has partnered with 9 trusted insurers, including AIG, Protective, and Mutual of Omaha, who will be underwriting many of its product offerings
- Established in 2016 and based in Seattle, the Tomorrow mobile application helps its users manage life insurance, AD&D-type coverages and financial investment policies. The Company is using an interesting customer acquisition strategy, whereby the AD&D insurance policy is free for the first full year for users who download the app, register for an account and invite a minimum of three people to take on important roles for them, like a trustee, executor of will or beneficiaries
- Through a series of 20 factors and questions, the insurance algorithm provided by Tomorrow assigns its user to a specific coverage plan that aims to suit his or her family needs. All of this is performed through the mobile app and without hiring an attorney. To make things easier, customers are able to take pictures of their belongings when setting up a will. Unsurprisingly, the Company is targeting millennials who are well known to have low levels of engagement in estate planning where an estimated 78% of people under 40 do not have a will, according to a caring.com survey

Recent Partnerships

Argo Group partners with Kinetic to prevent work injuries

- Argo Insurance has released plans to partner with Kinetic, a developer of smart wearable technology, to help physically active workers prevent costly bodily injury. Kinetic's wearable device, called the Reflex, is worn like a pager and gives real-time feedback to the worker about proper posture when lifting heavy objects or walking around for extended periods of time. The Reflex uses sensors and biomechanical analysis to determine correct posture, and if the worker is in violation of natural movement, the Reflex will provide a light buzz to ensure either immediate correction of posture or deter the extended movement
- The Kinetic device has shown to be highly effective in preventing workplace injuries. In a case study featuring Crane Logistic, a 5-week pilot program showed that risky movements had been reduced by 84% and reinforced a positive culture towards safety. As part of the partnership, Argo Group will be launching a pilot program of its own across many of its grocery store and retail businesses in the U.S.
- The Reflex is partnered with a dynamic dashboard that allows employees and employers to track the number of risky movements made across long periods of time. This data is useful in determining the overall progress or regression of workers, ultimately helping the employer manage risk levels associated with employee injuries. In addition, this data can be used as a gamification strategy with employers that want to create competition among employees for a healthier workplace. Other possible applications for the device and underlying data should include lowering insurance rates for those employees with more favorable statistics

Legal & General partners with Slice Labs

- Legal & General has announced a partnership with Slice Labs, an on-demand homeshare insurance provider, to work together to develop AI and big data programs focused on the newly formed homeshare market. New York-based Slice Labs was founded in 2015 and has since raised close to \$16M from Horizon Ventures, Munich Re, Sompo Japan, and angel investors. Slice Labs aims to make insurance easy, fast and affordable with the option to buy coverage only when you need it. The Company has seen rapid growth in the U.S., and the partnership with Legal & General supports the launch of its insurance products in the UK. Legal & General announced its plans to be one of the first to launch homeshare insurance with Slice Labs
- Homeshare insurance is a new form of underwriting that provides part-time leasers, such as property owners who host for Airbnb, coverage for potential damage or loss of property value. Slice Labs is taking advantage of the blossoming gig economy by providing property owners and landlords with peace of mind for an average price of \$7.00 per night. While expensive relative to renter's insurance, most property owners who lease in the gig economy often see the additional income as disposable, therefore making them relatively price insensitive. Alongside homeshare insurance, Slice Labs also provides rideshare insurance for drivers that earn income for driving services with Uber and Lyft

TicketGuardian announces partnership with EzTix to insure event experiences

- TicketGuardian, an event ticket insurer, has announced a strategic partnership with EzTix, a food and wine ticket sales company, to offer customers an insurance policy for ticketed events. Starting in March, both companies will provide every customer the option to purchase insurance on their ticket, making it fully refundable in the case of bad weather, car accident, family emergencies, or various other perils that may prevent the ticket buyer from attending the event
- Headquartered in Newport Beach, CA, TicketGuardian was founded in 2015, and has raised \$1.5 million to date from angel investors. The company offers two levels of coverage: standard and full attendee protection. The standard offering protects from all unforeseen circumstances, but this coverage requires documentation and proof of event to file a claim. The full attendee coverage gives the ticket buyer full coverage for any reason, but it comes at a premium price. However, the customer is not required to present documentation and is not limited to other unforeseen emergencies that are not spelled out in the standard coverage
- TicketGuardian has also recently partnered with ISM Raceway, a staple venue for the motor sports industry, to insure ticket buyers. With ticket prices anywhere from \$80 - \$150 per attendee, it is easy to see the demand for insurance, especially for large family or corporate groups. The pricing for TicketGuardian insurance falls into 3 separate buckets: \$0 - \$25 value tickets are charged \$1.99 per ticket, \$25 - \$50 tickets are charged \$2.99, and \$50 & up tickets are charged 6% of price. In the case of ISM Raceway, the tickets can be insured for 6% of \$80 - \$150, or approximately \$5 - \$9 per ticket

Amazon, JP Morgan, and Berkshire Hathaway partner to tackle healthcare

- Amazon, JP Morgan, and Berkshire Hathaway have announced that they will partner to find a solution to rising healthcare costs in the U.S. The alliance will form a healthcare company focused on developing technology solutions for employees and their families that gets them access to simplified, high-quality and transparent healthcare at a reasonable cost. The partnership company will operate independently and free from profit-making incentives and constraints
- Given the complexity of the problem they are trying to solve, each company has identified a senior leader from their respective business to spearhead the initiative. The plan is that the respective expertise of each partner, combined with significant scale and resources, will enable the alliance to find a solution. The initiative is in its early stages with specific direction and strategy yet to be decided, but we would expect to see a technologically focused approach, aimed at breaking down the traditional healthcare system, increasing efficiency and transparency for employees and their families

Cisco, Apple, Aon, and Allianz announce cyber risk management solution

- Cisco, Apple, Aon and Allianz have announced the launch of a new cyber risk management solution to help organizations manage cyber risks associated with the ubiquitous malware-related threats of today. The alliance brings together top talent from each industry group to create a workable business solution, comprising resilience analysis from Aon, secure technology products from Cisco and Apple, and cyber insurance coverage from Allianz
- The initial stage of the program is to get a Cyber Resilience Evaluation (CRE) from Aon. The CRE is an assessment from Aon cyber security professionals that identifies potential gaps and gives recommendations to a client's security defense system. Next, the customer will be prompted to implement Cisco Ransomware Defense using current Apple Devices, which combines email security, endpoint protection, and cloud-delivered malicious internet site blocking to help both analyze and combat some of the most common ways that malware and ransomware attack systems can affect computer systems. Allianz has analyzed the security level of Cisco and Apple products, paired with the new cyber risk solution, and has determined that using both products together qualifies clients for premium coverage from Allianz at low to zero deductible rates, all of which is underwritten by Allianz Global Corporate & Specialty

Jupiter Intel calculates climate risk for individual buildings

- Jupiter Intel, founded in early 2017, looks at public satellite data to observe rainfall, ocean currents, and how water flows through cities after heavy rainfall. Jupiter then runs simulations through a supercomputing model that provides a projection on potential damage. The ultimate goal for Jupiter is to be able to predict, with a high degree of certainty, weather hazards and damage up to 50 years into the future at a street and building level. Jupiter is currently running pilot programs with companies like Xebec Realty to demonstrate the power and value in quantifying climate risk

GuideOne adopts Roost's Property Telematics Solution to protect churches

- GuideOne Insurance, based in West Des Moines, IA, has announced a partnership with Roost, a property telematics provider, to help protect and prevent property damage at Churches. Roost had shown great success in deploying the technology with individual homeowners, but GuideOne will be the company's first commercial client. Roost has also partnered with State Farm as an insurance carrier
- GuideOne will supply free Roost Smart Water leak and Freeze detectors to all of its church policyholders across all 50 states. This pilot program will provide Roost with valuable data that it plans to use to tweak its technology offering, especially in larger facilities like churches. The Smart Water sensor is designed to alert the property owner, through a mobile application, when it detects water leaks, out of norm humidity levels, and freezing temperatures that could potentially burst water pipes. The device takes less than 5 minutes to set up, costs less than \$40 and could potentially prevent thousands of dollars of property damage
- Featured in our September edition, Roost also provides homeowners with Smart Fire Alarm Batteries and Garage Door Sensors. Both devices connect to the owner's smart phone and allows for real-time notifications about unexpected events, like fires and burglars. The devices are also self-monitoring, alerting homeowners when the device is low on battery or simply malfunctioning

Select InsurTech U.S. Capital Raises – February

| Announced | Target | Business Description | Capital Raised, Round/Total (\$M) | Current Round Investors |
|-----------|--------------------|--|-----------------------------------|---|
| 2-Feb-18 | Bitvore | Online platform which helps executives collect real-time risk information by monitoring complex streams of data | 14.23 / 21.48 | Accenture Ventures |
| 3-Feb-18 | Particle Insurance | Blockchain program designed to incentivize health organizations to start sharing data in a decentralized, segmented, and highly granular way | n/a | TMCx Innovation |
| 5-Feb-18 | Abaka | Healthcare platform offers treatment and insurance information, enabling users to manage visits and communication with care team | n/a | TMCx Innovation |
| 12-Feb-18 | Outdoorsy | Online marketplace for recreational vehicles designed to connect RV owners with other campers and get insurance coverage for both parties | 25.00 / 35.52 | Altos Ventures, AutoTech Ventures, Aviva Ventures, Tandem Capital |
| 13-Feb-18 | Tomorrow | Financial planning application designed to help families make long term financial and legal decision with encrypted bank-level security | 5.92 / 6.17 | Allianz Life Ventures, Center for Financial Services Innovation, Clocktower Technology Ventures, Curios, Echelon Capital, Financial Solutions Lab, JP Morgan, Maveron, Plug and Play |
| 14-Feb-18 | SafeChain | Fraud prevention software to eliminate fraud by using blockchain technology to verify the identity of every buyer and seller in transactions | 3.00 / 3.10 | Aspect Ventures, Fintech71, LOUD Capital, M25 Group, NCT Ventures, Peter Kight, Precursr Ventures, Rev1 Ventures, Revolution, Social Capital |
| 14-Feb-18 | Kin Insurance | Operator of an insurance agency that uses public information to build a profile of home owner's and offers insurance policies | 16.57 / 16.72 | 500 Startups, Arizona Bay Technology Ventures, August Capital, Chicago Ventures, Commerce Ventures, Elmspring Accelerator, M25 Group, Omidyar Network, Portag3 Ventures, Sandalphon Capital, Service Provider Capital |
| 14-Feb-18 | ChronWell | Workers' compensation insurance platform designed to ensure injured workers have a top-notch experience at a lower cost | 4.50 / 4.50 | Undisclosed Angel Investor |
| 20-Feb-18 | Bind | Online platform intended to offer health insurance related information like preventive care, primary care, and related insurance services | 60.00 / 62.50 | Lehmi Ventures |
| 21-Feb-18 | Gabi | Developer of an insurance management mobile application designed to help consumers save existing policies and receive the correct coverage | 9.48 / 12.08 | A Capital, Canvas Ventures, Correlation Ventures, Northwestern Mutual Capital, Project A Ventures, Securian Ventures, SV Angel |
| 22-Feb-18 | Motiv Ring | Lightweight fitness tracker that can be worn day and night and in all conditions and is used to monitor activity, sleep and heart rate | 8.18 / 24.28 | Argonautic Ventures, Dolby Family Ventures, Kleiner Perkins Caufield & Buyers |

PricewaterhouseCoopers Corporate Finance LLC Contacts

Financial Services Professionals



Leslie G. Fenton
Managing Director
Chicago
+1 312 298 5866
leslie.g.fenton@us.pwc.com



Ritendra Roy
Director
New York
+1 646 818 7098
ritendra.roy@us.pwc.com



Luke Hilditch, CFA
Associate
Chicago
+1 312 660 9522
hilditch.luke@us.pwc.com



Dmitry Simakov
Analyst
Chicago
+1 312 596 9086
dmitry.simakov@us.pwc.com

IMPORTANT NOTICE

This document is strictly confidential and may not be summarized, provided or made available, by any means, to any other person. If you have entered into a Confidentiality and Non-Disclosure Agreement (“NDA”) with PricewaterhouseCoopers Corporate Finance LLC (“PwC Corporate Finance” or “PwC CF” or “We”), your confidentiality obligations in connection hereto shall be governed by the terms of such NDA.

PwC CF is owned by PricewaterhouseCoopers LLP, a member firm of the PricewaterhouseCoopers global network of firms (the “PwC Network”), and is a broker-dealer registered with the U.S. Securities and Exchange Commission, a member of FINRA and a member of SIPC. PwC CF is not engaged in the practice of public accountancy.

This document is for the use of institutional investors only.

The information used in preparing this document has been obtained from a variety of third party sources. PwC CF has not sought to establish the reliability of those sources nor has PwC CF verified such information. Information provided by or through third parties is provided “as is”, without any representations or warranties by PwC CF or such third parties. PwC CF and such third parties disclaim any contractual or other duty, responsibility or liability to Client or any other person or entity that accesses such information.

This document may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor’s. All Standard & Poor’s information, including without limitation, credit rating information included herein is subject to copyright as follows: Copyright © 2018, S&P Global Market Intelligence (and its affiliates, as applicable).

Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. **THIRD PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. THIRD PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR CONTENT, INCLUDING RATINGS.** Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

No representation or warranty of any kind, express or implied, is given by PwC CF, any other firm within the PwC Network or any of their respective members, partners, directors, employees, representatives, affiliates or agents as to the accuracy, completeness or fitness for any purpose of this document. The only representations and warranties that will have any legal or binding effect are those made by the parties to the proposed transaction in a definitive, written agreement, subject to such limitations and restrictions as may be specified therein.

Neither this document nor any of the information contained in it shall be deemed to be a contract for a transaction related to any company described herein or any part of such company nor does this document constitute a solicitation or offer to buy or sell any securities, futures, options or other financial instruments or investments.

This document is for information purposes only. PwC CF, each other firm within the PwC Network and each of their respective members, partners, directors, employees, representatives, affiliates and agents accept no liability of any kind for this document and disclaim all responsibility for the consequences of any person acting, or refraining from acting, in reliance on this document. PwC CF is not acting as a fiduciary to you. Any proposed engagement terms contained herein are subject to PwC CF’s acceptance procedures and the entry of the parties into a definitive engagement agreement.

This document does not constitute the giving of investment advice, nor a part of any advice on investment decisions. You must conduct your own appraisal and due diligence procedures before acting or refraining from acting in reliance on this document. Prior to entering into any potential transaction, you should independently determine the economic risks and merits as well as the legal, tax and accounting characterizations and consequences of any potential transaction. You acknowledge that nothing in this document should be construed as legal, tax or accounting advice and that you should receive (and rely on) separate and qualified legal, tax and accounting advice.

Within this document, “PricewaterhouseCoopers” or “PwC” refers to PricewaterhouseCoopers LLP, a Delaware limited liability partnership, or, as the context requires, the PwC Network or other member firms of the PwC Network, each of which is a separate and independent legal entity. “Strategy&” refers to PwC’s strategy consulting business. “PwC CF Global Network” refers to the corporate finance professionals in member firms across the PwC Network. “PwC Deals” refers to the complete deals services platform consisting of multiple PwC practices together with PricewaterhouseCoopers Corporate Finance LLC.