



*Happy  
Holidays*  
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*PricewaterhouseCoopers Corporate Finance LLC  
InsurTech Insights*



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

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# Current Trends

## **InsurTech is becoming a data gathering ecosystem**

- Established insurers have historically had two points of contact with their customers: point of sale/renewal and point of claims processing. Value chain disaggregation (as mentioned in our November issue) is increasingly bifurcating insurer from policyholders as insurtech startups begin to change traditional roles by becoming the primary point of contact with customers
- While new technological developments permit tailored underwritings, there is also a class of insurtech startups building value by simply acting as a data aggregator. These start-ups are creating a separate ecosystem of companies that are in competition to gather the most comprehensive customer data possible. As policies become increasingly granular, larger traditional players may be unable to compete with these more nimble participants, which will force insurers to seek advanced third party analytics. For consumers, the change appears positive since more accurate analytics should drive pricing and competition
  - ✓ HeathIQ started out gathering data through a free online health quiz and pivoted into connecting healthy consumers with cheaper life insurance policies
  - ✓ Chicago based DataCubes uses machine learning and artificial intelligence to enable carriers to accurately quote commercial insurance policies by asking customers a few simple questions. The Company raised \$2.5m in its Series A funding round in September 2017 led by Seyer Capital and MK Capital

## **The increasing importance of mobile platforms in customer acquisition and retention**

- Mobile technology is arguably the most important technology deployed by insurers today. Given that the number of smartphones globally is anticipated to be 6+ billion by 2020<sup>1</sup>, this technology is likely to remain at the forefront of best practices for insurers. Mobile plays a vital role in changing customer interaction, experience and efficiency given that it is now possible to move all policyholder interaction from point of sale to claim filing to a mobile app
- Many internet of things (IoT) gadgets in healthcare, smart home and auto are used to collect and analyze data viewable by consumers through their mobile apps. Insurers are able to use this data to develop customized products and strategies to engage and retain customers within their product ecosystems. There are many innovative approaches to customer engagement including these featured in this newsletter edition:
  - ✓ Beam Dental, a toothbrush that tracks your oral hygiene habits and engages customers through a mobile app
  - ✓ Waze, a real-time crowdsourced navigation app now offering 24/7 roadside assistance in partnership with Allstate
  - ✓ HavenLife's mobile app enables one-touch emergency assistance, connecting customers to emergency dispatchers

## **Cybersecurity is transitioning from reactive to proactive, using insurtech tools**

- Numerous multinational organizations that tout dedicated information technology teams and multi-million cyber defense budgets have been hacked despite this spend. These cyberattacks, only certain of which are ever made public, risk business partner and customer information as well as risking invaluable trade secrets. The Identity Theft Resource Center (ITRC) anticipates that the total number of breaches could exceed 1,500 in 2017, a 37% increase from 2016
- Businesses all over the world are beginning to recognize that cyber attacks are now a normal risk of operations. With this change in perspective and culture, firms are preemptively seeking coverage and protection to mitigate the risk of an attack. There are insurance companies that are striving to provide this type of coverage but many lack the required expertise to be best practices because of the speed of change. As a result, companies are engaging with insurtech startups to assist in finding solutions for this growing coverage need
- Given the continually changing nature of attacks and the broad range of security risks and exposures, industry innovators are tackling cyber in several ways. One approach is actively reinforcing with policyholders the concept of proactive protection rather than reactive claims recovery or breach response
  - ✓ String Security is an insurance start up that uses data science to effectively map an organization's cyber risk profile underwriting it
  - ✓ At-Bay is a start-up that focuses on services that enable companies to innovate despite the threat of cyber risk

# Recent Investments

## **Health IQ raises \$34.6 million round led by Andreessen Horowitz**

- Health IQ, a life insurance product for the health conscious, finalized a \$34.6 million Series C investment led by Andreessen Horowitz, with participation from Charles River Ventures, First Round Capital, and Foundation Capital. The proceeds will be used to expand product coverage into dental, long-term care, disability and cancer products. The company's mission is to increase healthy habits through lower insurance premiums and health literacy
- Founded in 2013 and based in Mountain View, CA, Health IQ started as an online health quiz that was used to aggregate wellness data. After building one of the largest mortality databases in the history of life insurance, Health IQ began to approach insurance companies with a proposition of offering healthier individuals lower premiums on life insurance. To date, Health IQ has been able to secure special rate partners with Ameritas, The Savings Bank Life Insurance Company of Massachusetts (SBLI MA), Assurity Life and some 30 other life insurers
- The foundation of the company's success has remained the same since 2013. Health IQ still uses surveys and quizzes to determine level of fitness, well-being, and education. The company uses its proprietary database and technology to identify those customers who lead healthy lifestyles, in turn offering them up to a 33% discount on life insurance for a typical 30-year policy. Health IQ research has shown a strong correlation between health literacy and significant reductions in early mortality, number of hospital visits and assisted living needs

## **Goji announces a \$15 million investment round led by Hudson Structured Capital Management**

- Goji, an online home and auto insurance distribution platform, announced a \$15 million investment led by Hudson Structured Capital Management. The funds will be used to fuel continued growth, allowing the company to strengthen its platform and reach beyond the current 41 states. The company uses its technology-enabled platform to match consumers with the right policy, based on the customer's needs, from Goji's network of more than a dozen insurance carriers
- Headquartered in Boston, MA, Goji was founded in 2007 under the name Consumer United, but rebranded to attract younger and higher value online customers. Since inception, the company has been able to secure highly rated carriers such as MetLife, Progressive, Safeco Insurance, Travelers, State Auto and National General. The simple concept, and success, of utilizing both its data-driven platform and live agents to render customer advice provides an attractive business model for consumers and carriers alike. In addition to the capital raise, Goji named Peter Breitstone, a former senior executive at Insureon and Aon, as its new CEO

## **At-Bay raises \$6 million in venture capital led by Lightspeed Venture Partners**

- At-Bay, a cybersecurity insurance start-up closed a \$6 million capital raise led by Lightspeed Venture Partners, with follow-on participation from Shlomo Kramer and LocalGlobe. The core philosophy of At-Bay is to deploy effective security for a client with active engagement and anticipation of future market threats because it is impossible to properly defend a company from data breaches by simply analyzing historical data
- The company actively works with insurers year-round to monitor risk and implement strategies to control it. For brokers, At-Bay offers a digital platform that combines its insurance product with risk insights to help increase broker knowledge in interacting with their clients

## **PRENAV raises an undisclosed amount from NTT DOCOMO Ventures**

- PRENAV, a developer of precision-guided drones for infrastructure inspection, has raised capital from NTT DOCOMO Ventures, corporate venture fund of Japan's leading mobile operator. The capital will be used to further develop PRENAV's LIDAR scanner accuracy to inspect infrastructure blind spots. Both companies are also partnering in a trial test run, using PRENAV drones on DOCOMO base stations and cell towers
  - ✓ We have seen an increasing number of investments in drone technology over the past year due to the expanding applications for drones, and we expect this trend to continue. With the recent catastrophes, insurance companies have been at the forefront in considering drone technology to help improve efficiency and accuracy of their claims operations

# Recent Partnerships

## Beam Dental Partners with VSP Vision Care

- Beam Dental (Beam), the innovative provider of dental benefits for businesses, announced a partnership with VSP Vision Care to provide vision insurance alongside dental. Beam members who enroll in a VSP plan will have access to 38,000 eye doctors across 10 states. Beam is looking to create a packaged product, eventually offering a full usage-based insurance (UBI) underwriting product for both eye care and dental
- Beam is a dental benefits company that offers employers of all sizes dental insurance coverage plans and policy pricing based on dental hygiene behavior. The UBI product monitors how engaged members are on their day-to-day dental hygiene. The higher the frequency of cleaning, the greater the group premium discount. Beam's dental insurance also provides perks like discounted electric toothbrushes and floss for every insured member
- Through the use of sensors, Beam Technologies' high-tech toothbrush is able to sense when, how often, and for how long the user is brushing their teeth. The brush is embedded with a Bluetooth chip that records and sends the data to a mobile app. The company believes that motivating through positive reinforcement is the best way to incentivize healthier habits
- In October, Beam raised \$5.5 million through its Series B led by Lewis & Clark Ventures, with participation from Columbus' Drive Capital (which led Beam's \$5 million Series A in 2014). The new capital will be used to increase the speed of expansion into new markets (including the vision insurance product mentioned above) and provide support in scaling customer services

## Allstate and Waze partner on roadside service

- Allstate has announced a new partnership with Waze, a real-time crowdsourced navigation app, to offer 24/7 roadside assistance to drivers through its *Good Hands* Service program. Waze, which was acquired by Google in 2013, collects approximately 5.3 million monthly records of stranded cars on US roadsides. To better help the stranded drivers, Allstate and Waze decided to provide a combined service that allows drivers to directly request roadside assistance within the Waze app
- As a crowdsourced app with over 90 million global contributors, Waze develops customer centric features that are usually unique as well as quite attractive to the driver. Beyond offering "in app" rescue help, Waze users will be able to track the location of the service provider and simultaneously notify their family of their own location and safety status. While only some Waze users carry Allstate auto insurance, all app holders will be able to use this functionality to request help on a pay-per-use fee without a membership or policy
- With platform services in live road maps, carpooling, online advertising, and even real estate, Waze has effectively created an entirely new marketplace that insurance companies will need to learn to navigate. This partnership is an example of how insurance companies are heavily investing in exploring these new tech platforms in order to expand their product offering and channels of communication to fit the evolving insurance needs of their customers, whether for existing policyholders or just prospects

## Nationwide partners with TrueMotion to tackle distracted driving

- Nationwide, an industry leader in usage-based insurance (UBI), has partnered with TrueMotion technology to help capture distracted driver data from members of its UBI program, SmartRide. The partnership will focus around analyzing key data about the pervasiveness and types of distracted driving in order to help drivers be safer on the road. Furthermore, users with safe - or improving - driving habits will benefit from discounted insurance premiums, calculated from the TrueMotion UBI algorithm
- Headquartered in Boston, MA, TrueMotion is utilizing advanced machine learning and data science in its mission to reduce the total number of crashes and fatalities that occur each year. TrueMotion has been successful in spreading its mission. Over the last year, the company developed partnerships with American Family Insurance, Progressive, Tieto, Safety Insurance, Travelers, and MetLife. The continuing focus and adoption of UBI technology among auto (and other) insurers is a key indicator of the impact of insurtech

# Other News

## **String Takes on the Old Guard with a Customer-Centric Approach to Cyber Insurance**

- String is an interesting start-up headquartered in San Francisco that is focused on its unwavering goal of fundamentally changing how risk can be shifted for its insureds. String began its foray into cyber insurance by working with companies to develop a next generation data science platform for predicting and modeling cyber risk. In working alongside these organizations, it became apparent that the cyber insurance incumbents were not meeting process and coverage needs of their insureds, creating an opportunity for newcomers to radically change a historically traditional industry
- String leveraged its proprietary risk modeling platform and hands-on industry insights to refocus its mission on developing an insurance-focused product that would address cybersecurity concerns of both insurers and insureds by decreasing the overall cyber risk profile of an organization and its cyber insurance policies requirements. Through a brief, adaptive questionnaire, String collects organizational data on insureds and efficiently maps an organization's risk profile. Once an organization's risk profile is identified, String translates its risk findings into real-time quotes which deliver meaningful risk-mitigating information to customers. By delivering these insights, customers are able to more specifically manage and shift their risk, thereby reducing risk for both insurers and insureds
- Headquartered in San Francisco, California, String is led by Xander Oltmann (CEO), Joan Ross (CISO), Kate Farris, PhD (Head of Data Science), and Ajay Nayak (CTO). For more information, visit [stringinsured.com](http://stringinsured.com)

## **Insurtech Haven Life rolls out emergency services app**

- Haven Life, a provider of online life insurance backed by MassMutual, has announced a new mobile app service called LifeLink, a one-touch emergency contact services for customers. The new tool uses tele-communications and data analytics to instantly connect users with 24/7 emergency dispatchers. Along with its quick one-touch 911 dialing feature, customers are able to call for help on behalf of family members while following their exact location. The Federal Communications Commission (FCC) estimates that more than 70% of 911 calls come from mobile phones, most of which can't be precisely located
- The launch of the LifeLink app feature follows Haven Life's introduction of a Facebook chatbot in October. The chatbot is designed to educate consumers on the costs and potential value of life insurance. After the conversation is over, the chatbot will automatically analyze term life insurance needs of the potential customer and generate a monthly rate for Haven Term coverage
- Haven life's new LifeLink and Facebook chatbot products highlight examples of insurance companies striving to expand their mobile and online presence. By offering a full suite of offerings directly to their clients, Haven Life is better able to serve its customers while simultaneously collecting valuable data to use to assess future risk and provide lower policy premiums

## **Trov to provide coverage to passengers of Alphabet's driverless car-unit**

- Trov Inc., a California-based on-demand insurer of consumer electronics, announced that the company will work with Alphabet's driverless car-unit, Waymo LLC, once the division launches its ride-hailing service in the next several months. Trov will play a behind-the-scenes role, insuring riders for lost and damaged property and trip-related medical expenses. Under the arrangement, riders will not need to opt into or pay for the coverage because it will incept automatically
- Waymo's policies will be underwritten by a unit of MunichRe AG, who will leverage the arrangement as an opportunity to gain first-hand insights into pricing and claims data not currently available in the market.
- MunichRe's venture-capital arm led a \$45 million fundraising round in Trov that closed in April 2017. Trov currently provides its on-demand consumer electronics coverage in the U.K. and Australia, and is targeting a domestic roll-out in early 2018 upon approval from state regulators

# Select InsurTech U.S. Capital Raises – November

Announced	Target	Business Description	Capital Raised, Round/Total (\$m)	Current Round Investors
01-Nov-2017	InsureSign	Developer of an e-signature tool designed to meet the needs of insurance agents	0.15 / 0.55	Lighter Capital
09-Nov-2017	Quantstamp	Security auditing platform intended to solve issues with smart contracts on the blockchain to find vulnerabilities in Ethereum smart contracts	N/A	Y Combinator
09-Nov-2017	PRENAV	Developer of precision-guided drones designed to help in infrastructure inspection by taking photographs from precise locations	N/A / 8.16	NTT DOCOMO Ventures
14-Nov-2017	Benefix	Health insurance quoting software designed to streamline the process of quoting and managing health insurance plan	1.89 / 1.89	Activate Venture Partners
15-Nov-2017	Goji	Online home and auto insurance distribution platform designed to match customers with the right coverage at the best price	15.00 / 92.14	Coffin Capital & Ventures, Hudson Structured Capital Management
15-Nov-2017	Health IQ	Health knowledge application that functions like a game with players completing for mastery of nutrition, exercise and medical conditions	34.58 / 79.78	Andreessen Horowitz, Charles River Ventures, First Round Capital, Foundation Capital
16-Nov-2017	Gainfully	Connects insurance and financial services companies via a compliant, permissioned software-as-a-service (SaaS) network	2.50 / 2.50	MassMutual Ventures
16-Nov-2017	At-Bay	Digital insurance platform that provides cyber insurance for the digital age with cyber risk management as a preventative services	6.00 / 6.00	Lightspeed Venture Partners, LocalGlobe, Shlomo Kramer
17-Nov-2017	Carma	Car rental application offers a monthly vehicle subscription service that lets its members drive any of its cars as long as they want, with insurance	0.02 / 0.12	Accelerate Michigan Innovation Competition
30-Nov-2017	HYPR	Biometric security platform created to ensure user data is kept private across the IoT by eliminating the need for a centralized credential store	N/A / 11.35	Boldstart Ventures, MasterCard Start Path Accelerator, Mesh Ventures, RRE Ventures, RTP Ventures

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