TECHNOLOGY HOLDINGS

Investment Banking in Tech Services, Consulting, Software & Healthcare

Transforming Insurance with Insurtech: A $165 Billion Opportunity

An Analysis of the Insurtech Market and a
Review of M&A and Private Equity Activity in 2022/23

July 2023

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Introduction

This report from Technology Holdings aims to provide a comprehensive overview of the Insurtech market by highlighting major market trends and growth strategies of key players. Additionally, the report examines M&A transactions in the ecosystem, including the types of buyers and the underlying reason for these acquisitions. The report identifies five main trends that are expected to shape the future of insurance business models:

1. **Increasing adoption of open insurance ecosystems through embedded insurance**
2. **Unleashing the power of IoT:** Transforming business activities in the insurance industry
3. **Personalization and insights** with machine learning and AI
4. **Emerging cybersecurity trends** in Insurtech: Safeguarding data and mitigating risks
5. **Integration of ESG Factors in insurance:** Driving sustainability and responsible risk management

M&A trends

1 Vertical Integration

Insurers are integrating insurtech startups to enhance digital capabilities and offer customized products

2 Cross-sector collaborations

Insurtech firms are exploring partnerships with companies outside the traditional insurance industry

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About
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TH has a global team of over 60 people with a strong track record of closing IT services and digital transformation transactions, including with Insurtech firms across Europe, the Americas, and Asia-Pacific.

TH has closed 13 Insurtech transactions with a cumulative enterprise value of over US $500 million

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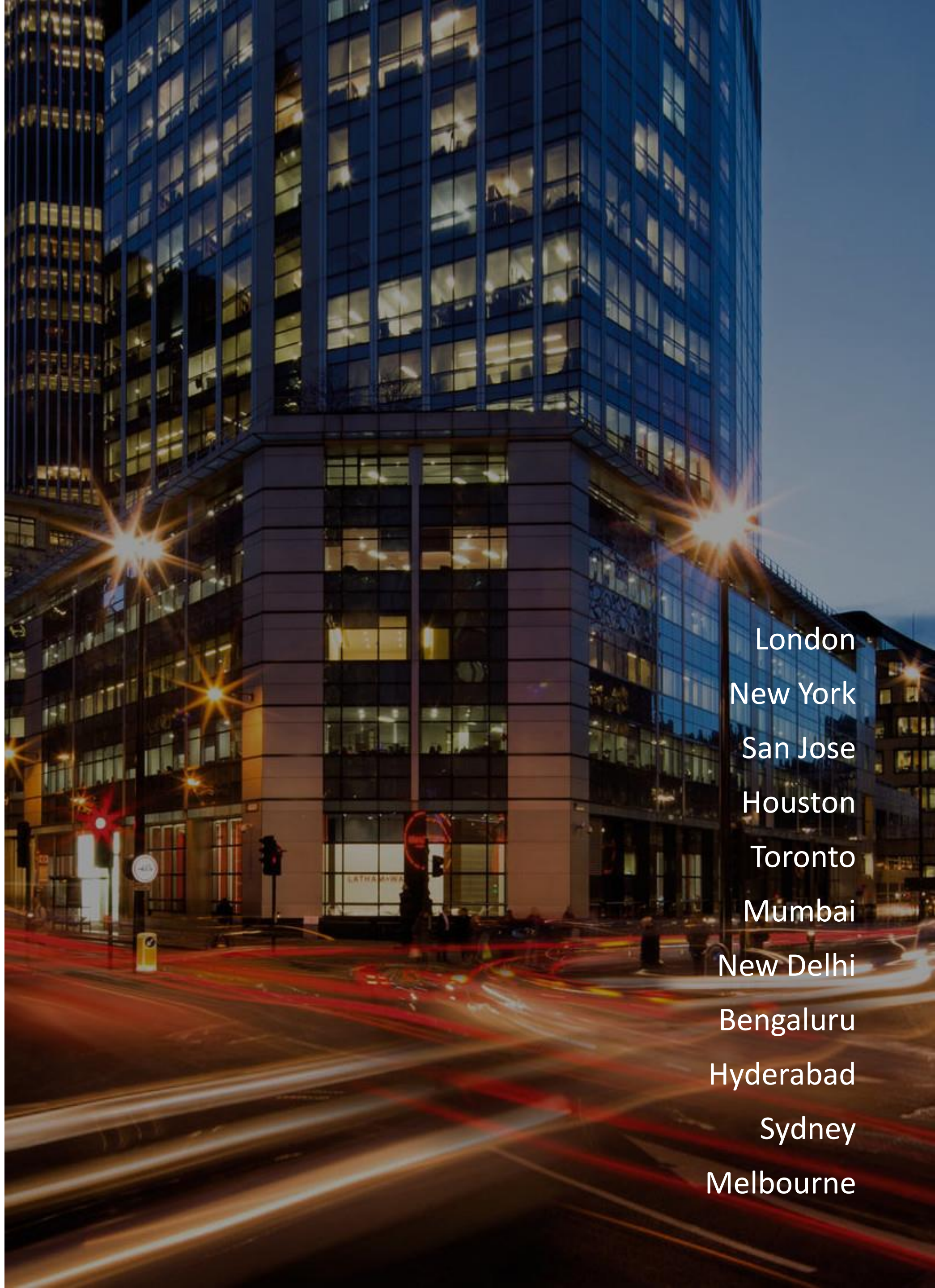
- Consultancies
- Healthcare & Lifesciences
- Business Process Management
- Engineering Services



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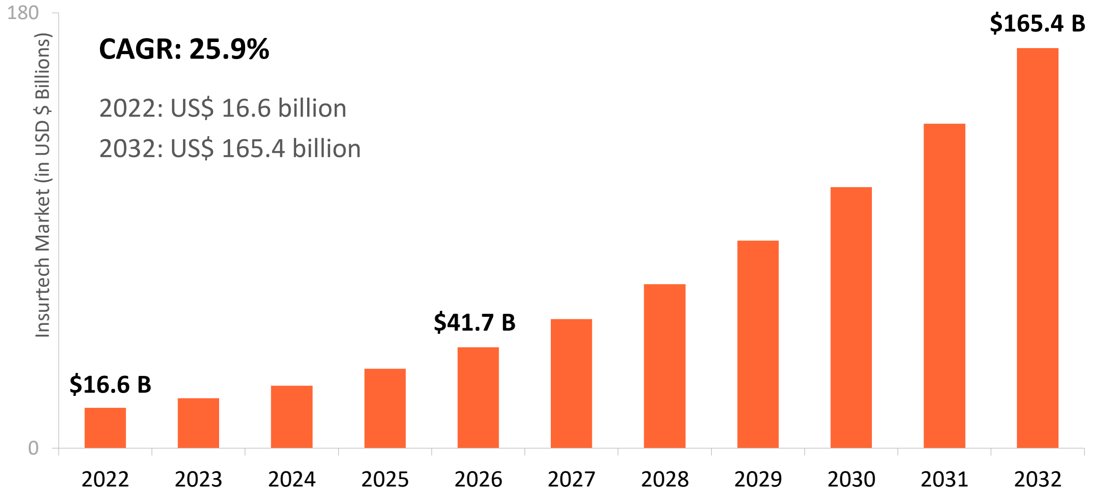
Insurtech Market: Global Snapshot

- The global Insurtech market is rapidly expanding, fuelled by the growing demand for innovative, tech-driven solutions to improve the efficiency and accessibility of insurance services
- With a projected **CAGR of 26%** from **2022 to 2032**, the market is set to reach **US$ 165.4 billion in 2032**, creating exciting opportunities for both established players and new entrants in the space
- Digital technologies have raised consumer expectations for personalized and seamless insurance experiences. **Insurtech firms are responding by leveraging digital platforms** to offer customized insurance products that cater to specific customer needs
- IoT and AI/ML are forecast to grow rapidly, and insurance companies are using these technologies to improve risk assessment, personalize pricing, enhance customer engagement, and streamline claims processes
- In 2022[1] **North America held 37%** of the global Insurtech market, followed by **Europe at 27.5%.** The Asia Pacific market, fuelled by the presence of emerging economies and financial hubs in Singapore, India, and Hong Kong, is experiencing rapid growth, contributing to the overall expansion of the Insurtech industry

Figure 1: **Global Insurtech Market Size : 2022- 20321**



Key Growth Drivers

1. Demand for Personalized and Seamless Insurance
2. Disruption in Traditional Distribution Channels
3. Regulatory Support
4. Increased Investment in Insurtech

Key Technology Enablers

- AI/ML
- Blockchain
- API[2]
- IOT

Global Insurtech market is expected to grow at a CAGR of ~26% to $165.4 billion by 2032, driven by the growing demand for innovative, tech-driven solutions to offer a seamless insurance experience

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Source : [1]The Engineering Services Outsourcing Market 2021-2030 by Precedence Research, [2]API: Application Programming Interface

Insurtech Landscape/Ecosystem

B2C

Life Insurance: Policygenius, ETHOS, Discovery, Ladder

Auto: ACKO, ROOT Insurance Co., ZEGO, Metromile

Liability: CORVUS, anorak

Health: babylon, Collective Health, alan

Property: Lemonade, hippo, Openly

Others: Clyde, Extend, eurobase

B2B

Employee Benefits: yulife, League

Auto: ZEGO, Cambridge Mobile Telematics

Infrastructure: socotra, 众安保险 ZhongAn Insurance, unqork

Others: Moonshot Insurance, Assurant

Distribution

Marketplaces: CHECK24, policybazaar, Coverfox.com

Platforms: open gi, acturis, simplesurance

Customer Engagement: majesco, hi marley, outsystems

Underwriting

Risk Assessment: DAMCO, SHIFT, Cytora

Data & Analytics: Quantemplate, AKUR8, CLARA Analytics, majesco

Computer Vision: CAMERALYZE, viso.ai, SuperAnnotate

Claims and Settlement

Policy Management: APPLIED, ventiv, DAMCO, GUIDEWIRE

Claims: snapsheet, DXC Technology, EIS, SAPIENS

Billing & Payments: recargapay, DWOLLA, wepay a CHASE company

Cloud Platforms, IoT, Blockchain, API Infrastructure, AI/ML

Rapidly evolving Insurtech landscape with different business models to serve diverse client segments and address the insurance industry's challenges

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Key Trends in Insurtech

Increasing Adoption of Open Insurance Ecosystems through Embedded Insurance	1
Unleashing the Power of IoT: Transforming Business Activities in the Insurance Industry	2
Personalization and Insights with Machine Learning and AI	3
Emerging Cybersecurity Trends in Insurtech: Safeguarding Data and Mitigating Risks	4
Integration of ESG Factors in Insurance: Driving Sustainability and Responsible Risk Management	5

Open ecosystems, IoT, AI personalization, cybersecurity, and ESG integration driving industry innovation and growth

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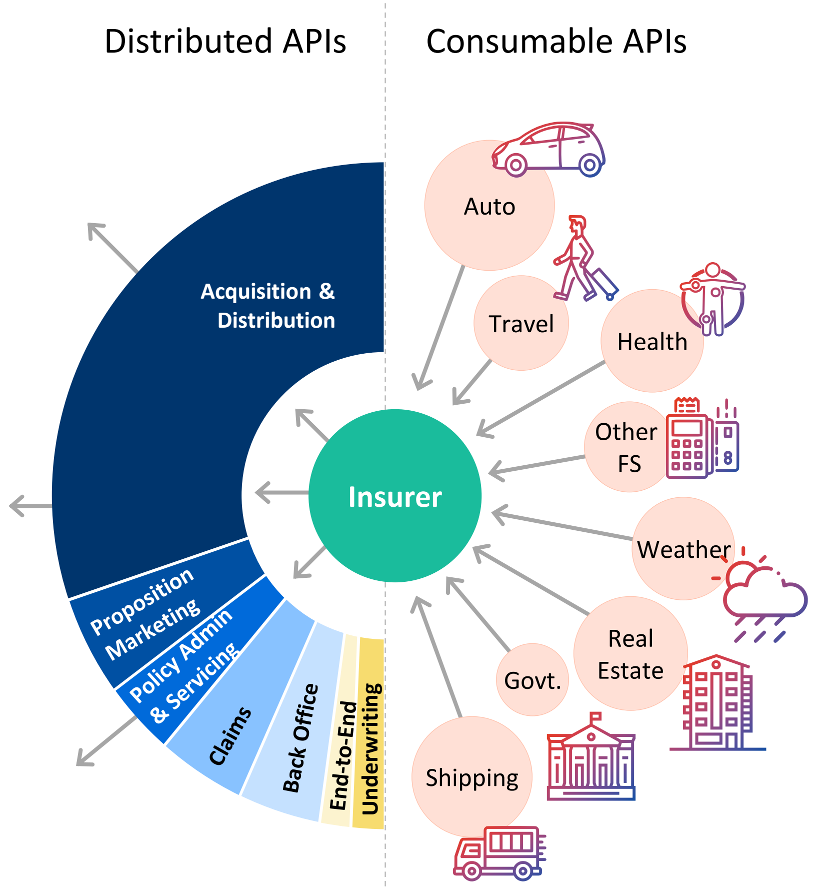
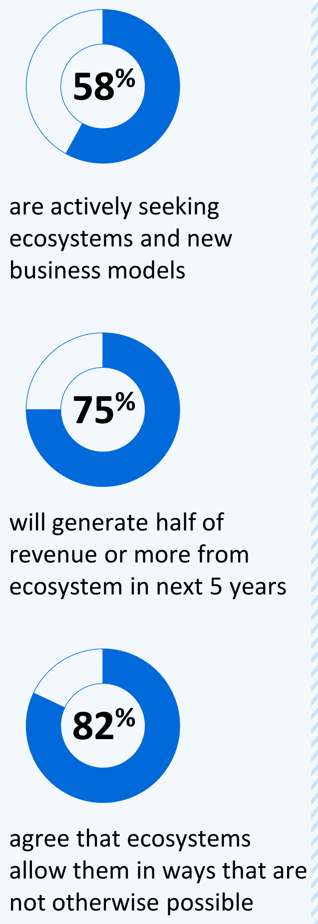
Open Insurance Ecosystems to Foster Collaboration and Innovation in Insurance

- **Open Insurance is gaining traction** as Insurtechs connect insurers with digital ecosystems, **enabling API access to third parties** such as banks, fintech firms, mobility providers, and consumer durable retailers
- **Insurtechs leverage APIs in their Open Insurance initiatives**, facilitating the sharing of structured data volumes from traditional insurers to collaboratively create innovative insurance propositions for consumers. Examples of companies using APIs to gain swift access to the insurance market include **Ping An, Lemonade, Cuvva, and CoverWallet**
- **Ping An**, a traditional insurer, has been at the forefront of Open Insurance by building open platforms accessible to all industry players, providing insurance technologies through its OneConnect subsidiary, which offers smart insurance cloud for authentication, loss adjustment, and AI-based claims
- **Distributed APIs in the insurance industry** primarily focus on customer acquisition and distribution. However, the greater opportunity lies in **consumable APIs**, with various industry sectors targeting insurers with external APIs
- A research report from Accenture shows that **75% of insurers** believe that **half of their revenues** will come from **ecosystems and APIs** in the next five years

Figure 1: **API integration Opportunity for Insurers**[1]





Open insurance ecosystems are driving industry-wide transformation and partnership-driven growth

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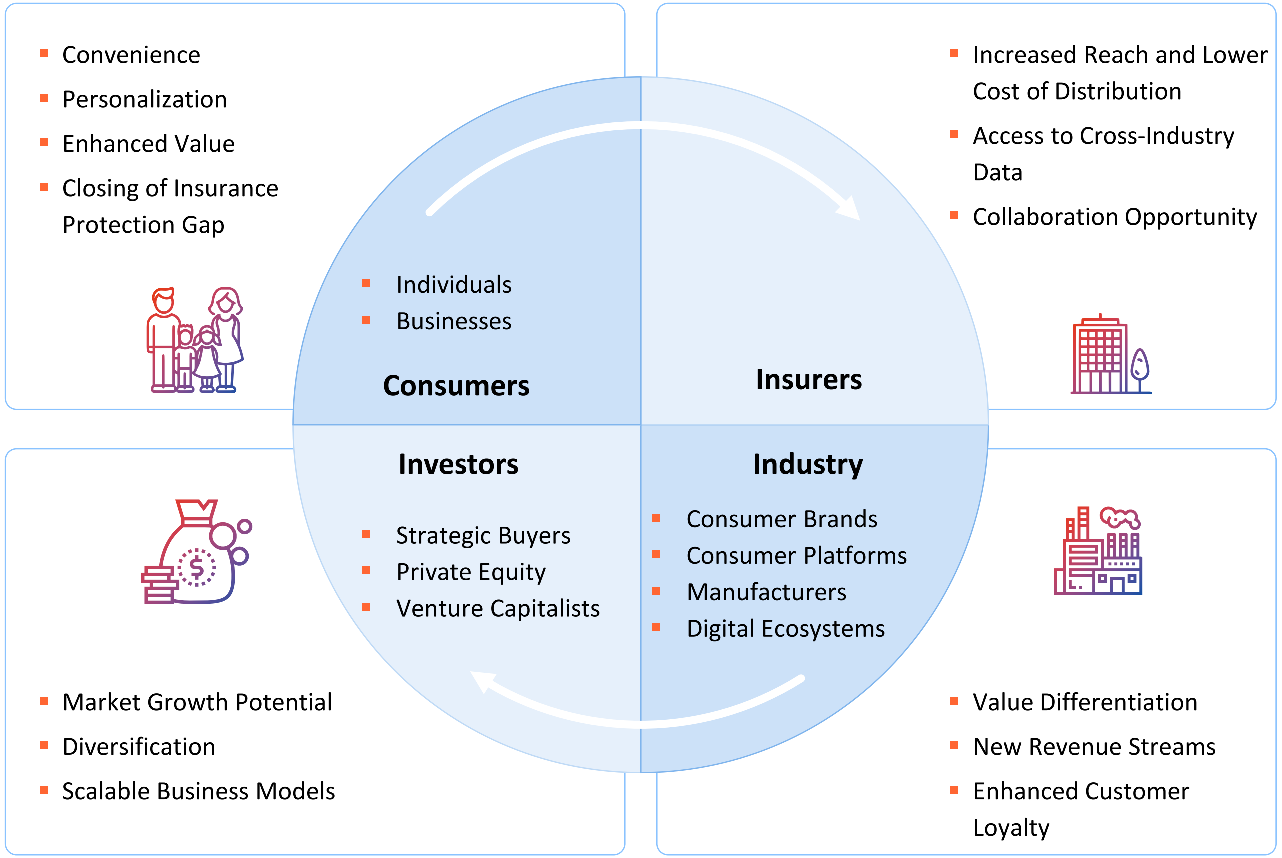
Embedded Insurance: Extending the Reach of Open Insurance

- **Definition:** Embedded insurance refers to the integration of insurance products into non-insurance platforms through APIs, providing convenient access to risk mitigation solutions within customer journeys
- **Enhancing customer experiences:** Rather than being bolt-on at the point of sale, embedded insurance has the potential to create more engaging and memorable customer experiences
- **Collaborations with tech players and industry specialists:** Insurtech companies are forging partnership with tech players, manufacturers, and industry specialists to explore the value of introducing insurance at the point of design
- **Example:** Integrating life insurance or disability insurance as a part of retirement planning or investment products

Figure 3: **Value Proposition of Embedded Insurance for Stakeholders**



Embedded insurance enables an enhanced customer experience as well as industry collaboration, leading to innovative solutions and increased revenue opportunities

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Market Trend 2 - Unleashing the Power of IoT: Transforming Business Activities in the Insurance Industry

IoT in Insurance: Opportunities, Challenges and Growth so far

- **IoT is a top priority for digitalization and technological advancement** in the insurance industry. Its ability to collect **real-time data, improve risk assessment**, and enable **data-driven claims processing** has led to the emergence of an **'analyze and act'** operating model
- **According to IDC,** global spending on IoT is projected to exceed **US$ 1 trillion in 2023,** with the insurance sector demonstrating the **highest 5-year compound annual growth rate (CAGR)** among all industries. This highlights the rapid adoption of IoT technology in the insurance industry
- The proliferation of IoT and connected sensors has led to an abundance of high-quality data, which is essential for the 'analyze and act model'. This has not only empowered underwriters to reduce costs, but also generated additional revenue streams by leveraging advanced insights derived from increased customer interaction

Opportunities

New Risks:
Insure new risks emerging due to IoT and the outcomes of adopting IoT solutions
1

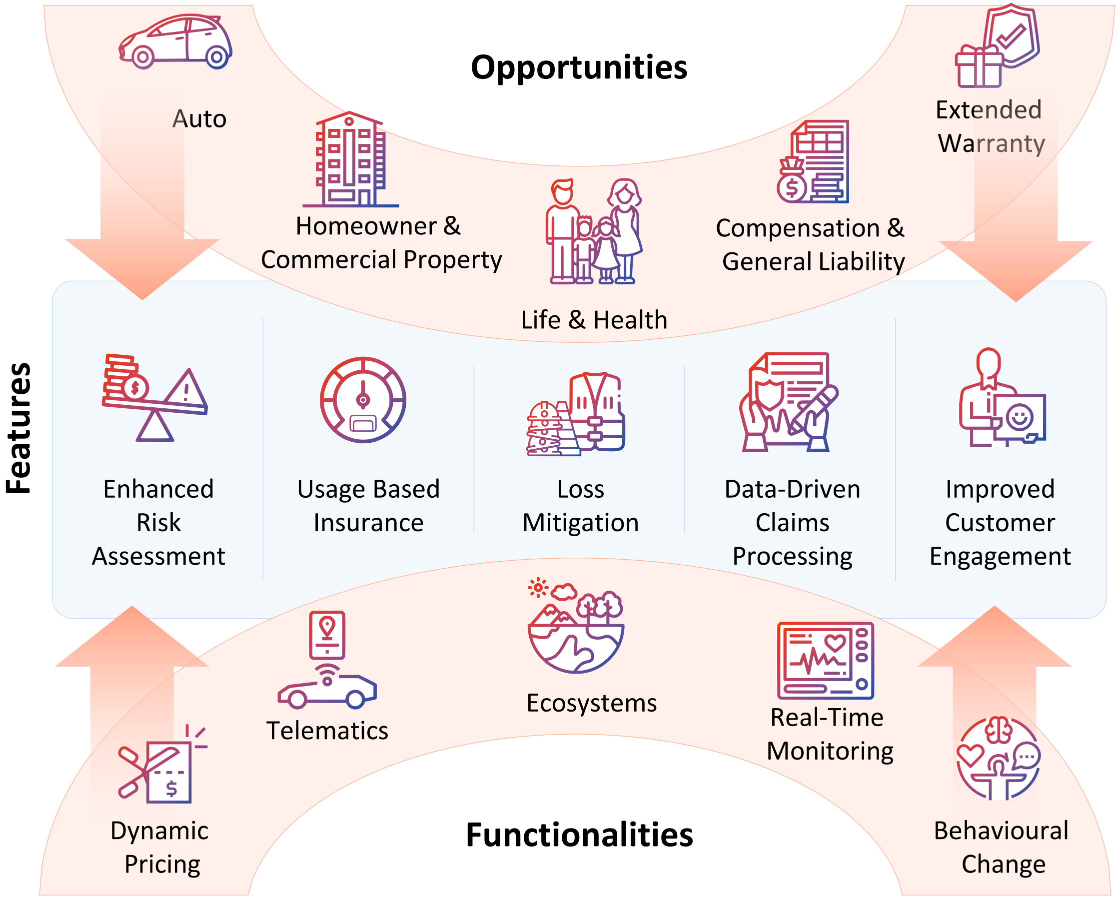
Existing Risks:
Develop new ways to insure existing risks
2

Optimizing Current Insurance Activity
Improve risk assessment and pricing accuracy, enhance customer engagement and experience
3

Challenges

Data Management	Data Ownership
Regulatory	Attacks on Sensors and Servers

Figure 4: **Technical Functionalities, Business Applications and Opportunities**



As of 2022, 20% of insurance companies were reportedly piloting, testing, or deploying IoT initiatives to offer a more customer-centric insurance experience[1]

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Source : [1] Report Linker Research

IoT in Insurance: Transforming Underwriting and Enhancing Customer Experience

IoT in Underwriting

- IoT technology is revolutionizing underwriting, a vital aspect of insurance products, in diverse domains such as **personal and commercial, automobiles, assets and businesses**. It is having a growing impact on both risk assessment and claims processes
- Insurers are **embracing digitalization in underwriting** to enhance efficiency and meet evolving customer expectations. This involves integrating electronic health data, wearables, mobile applications, and clinical laboratory data to improve the risk assessment process
- Technologies like IoT make it easy to get real-time data, enabling new underwriting models such as **automated, accelerated and continuous underwriting**

Case study of Advanced Underwriting Models

Nationwide	Munich Re / SPARK	TESLA
Uses **real-time data extraction** and accuracy to identify **unstructured data sources** and improve model input to make faster decisions	Is transforming the customer journey in life insurance by offering **digital underwriting and analytics capabilities** to reduce complexity	Leverages **real-time behaviour** determined by factors such as vehicle type, address, driving frequency and vehicle safety **score to calculate price**

Stage	Description	Technologies	Data	Goals
Automated Underwriting	Collects data from digital sources, and converts unstructured data for efficient claims processing	▪ RPA[1] ▪ NLP[2] ▪ Image/voice recognition ▪ Conversational AI	**Industry Data** Financial service, healthcare trends and statistics	**Operational efficiency**
Accelerated Underwriting	Analyses data using advanced analytics to enable policy issuance	▪ Real-time data ▪ Machine learning ▪ Behavioural analytics	**Location Data** GPS, map, visits & IoT sensors **Internal Data** Pricing, advertising, public data	**Product profitability**
Continuous Underwriting	Leverages predictive analytics to assess applicants' risk in advance	▪ Predictive analytics ▪ Machine learning ▪ Behavioural patterns analysis	**Individual Data** Social media, mobile app usage	**Customer Engagement**

OEMs like Ford and Toyota are partnering with Insurtechs, sharing vehicle usage data and claims data to enhance insurance services, improving the claims process and customer experience

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Source : NTT Global Insurtech Outlook 2023 Report | [1]RPA: Robotic Process Automation ; [2]NLP: Natural Language Processing

IoT in Underwriting Enables Advanced Risk Management and Dynamic Pricing

IoT in Risk Management and Pricing

Traditionally, insurers have used **proxy data to identify the risk of loss** for an asset. Whereas IoT gives insurers access to **real-time, individual, and observable data**

	The Past	Traditional Telematics	IoT
Data	Static data (Age, garage location)	+ Telematics data	+ IoT
Availability	Point of sale	Telematics data available after sale	All data available point of sale
Rating	Traditional factors only	Traditional plan augmented with UBI discount	Dynamic data becomes core of rating

New Data Sources for UBI:

Miles driven, Driving frequency, Driving duration, Hard braking, Speed, Rate of acceleration, GPS data. Use of onboard electronics, Behaviour around hazardous zones and Driver mood

Use Case : Usage-Based Insurance (UBI)

A customized auto insurance policy in which premium is calculated based on the vehicle's usage or the consumer's driving activity using telematics or sensors

Five areas of underwriting improvement by technology:

1. **Speed to produce a quote:** With accurately priced policies based on individual driving behaviour
2. **Personalized Risk Assessment:** Collection of real-time data on driving behaviour, such as speed, acceleration, braking, and cornering allowing personalized risk assessment
3. **Loss Prevention** IoT devices can alert drivers of potential risks or provide feedback on their driving behaviour in real-time
4. **Claims Handling** IoT data provides valuable evidence in the event of accident for insurers to analyse the data quickly and determine the cause and severity
5. **Customer Engagement** UBI programs provide insured individuals with personalized feedback and incentives to improve their driving behaviour

Leveraging IoT enables accurate pricing, personalized policies and improved risk management for insurers

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IoT in Insurance: Case Studies in Life, Health and Liability

Electronic Health Records (EHR)

- AAA Life Insurance Company and Human API united to automate faster underwriting using Health Intelligence Platform to connect EHR
- The platform enables AAA to rapidly acquire customers' rich digital health data and eliminate the need to wait weeks for labs or exams

Wearables and Smartphones

- SCOR's partnership with Qumata focuses on underwriting solutions, analysing health data from smartphones and wearables, shared with insurers by life insurance applicants
- This allows SCOR to predict applicants' risk of developing critical medical conditions and to assess extra-mortality and extra-morbidity risks

Geospatial Data Analytics

- The analytic information from Spectrum Spatial Insights by Precisely enables Rexall to effectively avert staff time away from analysing store locations that have potential for ROI
- It allows Rexall to make on-the-fly decisions for deployment of new stores and overall capital spending

IoT Enables the Parametric Model in Marine Cargo Insurance

Smart Logistics is a collaborative solution that uses **IoT sensors to monitor and provide real-time data** on various operations and variables during the cargo journey.

By leveraging the real-time data and risk management platform, the Smart Logistic solution solves these pain points:

1. **Order Dispatch** — Manual insurance subscription
2. **Land Transport** — Lose visibility on actual transportation conditions
3. **Port Inbound** — High-risk step because of zero visibility of operations
4. **Marine Transport** — Proactively making decisions and reacting to unforeseen events
5. **Port Outbound** — Lose visibility on actual transportation conditions
6. **Secondary Transport** — Containers with damaged goods are delivered independently of their state
7. **Goods Reception**
   - Low customer satisfaction
   - Out of stock situation
   - Additional penalties
8. **Claims Processing**
   - Long and manual process
   - Warehousing additional cost
   - Long time to get reimbursement

IoT is transforming insurance through data–driven solutions.
Case studies highlight the use of technology for data analytics and personalized insurance offerings

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Enhancing Efficiency and Accuracy in Insurance Operations with AI/ML: Underwriting, Claims and Policy Management

- The rise of digital technology is driving insurers to focus on new risk mitigation business models, leveraging real-time data and providing innovative solutions to consumers
- According to McKinsey, **75% of insurers** are prioritizing innovation, with **50% planning increased investments** in AI,ML, predictive analytics, neural networking, and robotic process automation (RPA)
- AI investments have the potential to significantly impact the insurance industry, with estimated annual value reaching **US$ 1.1 trillion**
- AI/ML is already revolutionizing distribution and underwriting processes, enabling real-time policy, purchase, and binding
- Insurtechs that leverage AI, ML, machine vision, natural language processing and virtual assistants as their primary solutions raised **20% more investment** annually from **2015 to 2020**[1]

Four AI-related Trends Shaping Insurance

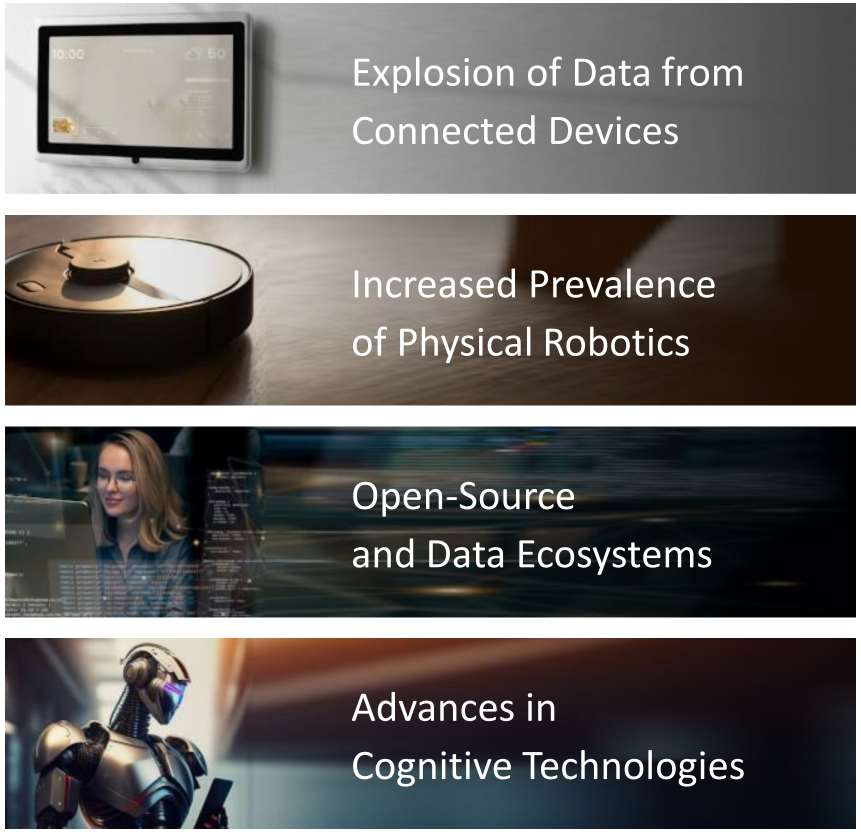

Figure 5: **Top Use Cases of AI in Insurance Industry**

The economics of implementing AI in business processes have significantly improved, making it more viable to adopt at scale

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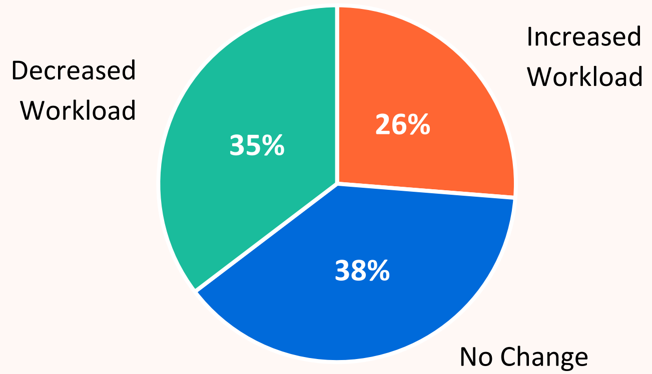
Source :[1]Accenture Underwriting Employee Survey | McKinsey Insurance 2030- The Impact of AI on the future of Insurance

The Role of AI in Transitioning Insurers from Manual Underwriting to Advanced Underwriting

- Insurers are increasingly using AI to enhance underwriting capacity, accuracy and customer interactions while improving efficiency and decision making
- Dissatisfaction with claim experience is **as high as 33%** among insurance claimants mostly owing to the speed of settlement. These claimants can impact up to **$170 billion in renewal premiums** over the next five years
- Juniper AI-underwritten insurance premiums, reaching **US$ 20 billion globally by 2024**
- Insurers are continuing to fill the gaps by investing in specialized underwriting insurtechs with **climate risk model and AI-based solutions for automated underwriting** with precise insights
- **Flyreel,** an Insurtech that provides a smart digital assistant for property inspections using smartphone cameras, gained recognition for its innovative solution and became an acquisition target. In **January 2022, the company was acquired by LexisNexis**

Figure 6:

Effect of AI on Underwriters' Workload[1]



The five areas

where adoption of AI is benefiting underwriting:

1. Minimized possibility of human error/bias
2. Improved risk understanding
3. New business acquisition opportunities
4. Fairer pricing
5. Increased profitability

Case Study for New Data Incorporation leveraging AI

CTBC HOLDING TAIWAN LIFE LYDIA.ai

- Taiwan Life partnered with Lydia.ai to apply health prediction models on new sources of data
- Lydia implemented its deep learning solution for health predicting models to unlock insights from population-scale medical record data

Results:

- Increase in **sales conversion rates by 22%**
- Identification of healthier candidates that were 15-20% below industry benchmark incidence rates to qualify potentially for reduced medical underwriting needs
- By using **health scores** to expedite underwriting practices, the time required for **policy issuance** has been significantly **reduced from several weeks to just three to five days**

AI is reshaping underwriting processes, improving claim settlement speed, and driving significant growth in AI-underwritten insurance premium globally

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Source : NTT DATA Insurtech Global Outlook 2023 | [1] Accenture Underwriting Employee Survey

The Role of AI in Achieving Zero-Touch Integrated Claims Experience

- **Claims settlement** is identified as one of the primary areas with the **highest potential for the adoption of AI** among insurers
- According to insurance executives, **claims processing** is experiencing the most significant adoption compared to other areas in the insurance value chain, **with 7 out of 10 executives acknowledging its prominence**
- **Conversational AI**, a swiftly growing segment, is transforming the way businesses can address their customer's routine queries and even assist in processing real-time events like **gathering claims information through video**
- These tools will free up time for the organization and can dramatically **improve the speed of service delivery**

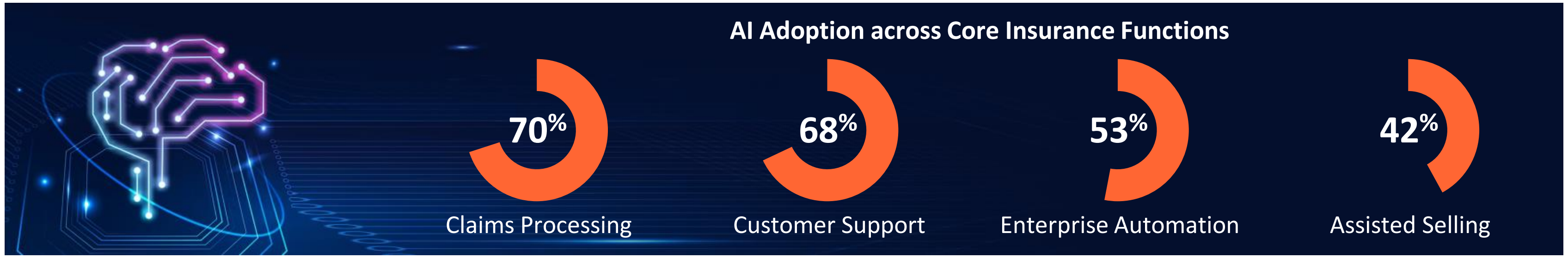

Figure 7: **Zero-Touch Integrated Claims Experience Journey using AI**

First Notice of Loss
- AI-Enabled Chatbots & Voice Assistants
- Digital Claims Recording
- Automated Fraud Detection
- Digital Assistance Solutions

Loss Assessment
- Automated Triage
- Automated Claims Estimation
- Remote Video Inspection

Fulfilment
- Automated Claims Validation
- Digital Supplier Management

Settlement
- Settlement Automation
- Automated Accounting Systems

Optimization through Automation	**30%- 200%** Return on investment in first year	**80%** Reduction in manual work	**50%** Reduction in time required for claims processing	**40%** Reduction in operational expenses	**14%** Median rise in new business premiums

As insurers continue to leverage AI, the very idea of insurance has begun to shift, passively transitioning into being more 'bought' (by customers) rather than 'sold' (by agents)

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Source : McKinsey, Work Fusion, Birla Soft, IBM | [1] US Bureau of labor Statistics, April 2021

The Role of AI in Claims Management: Case Study

Claims Handling

Tractable / mitchell

AN ENLYTE COMPANY

- The solution uses computer vision to assess images of vehicle damage, estimate repair costs and expedite payments
- AI technology processes photos of collision damage to generate automatic estimates based on the Vehicle Identification Number (VIN) and pre-populate specific lines
- Appraisers can review and revise the estimate or use straight-through processing, reducing manual intervention and improving efficiency

aetna™

- Aetna implemented an ML-based auto-adjudication system that combines natural language processing and unstructured text parsing to identify payment attributes
- The system improved efficiency and accuracy, leading to annual savings of $6M in processing and rework costs
- The system generates structured data that can be automatically read by systems, enhancing automation and reducing manual intervention

Fraud Detection

MSIG Mitsui Sumitomo Insurance Group / Shift Technology

- Implemented a cloud-based fraud detection model to identify fraudulent claims amongst the millions of claims processed annually
- The solution allowed the insurer to speed up the response to make changes in the claims handling process and also achieve faster payments for insurance claims

Lemonade

- Lemonade's claims bot (AI Jim) incorporates robust fraud detection capabilities with high accuracy, and flags complex cases for human review
- The fraud system is built on data integration, fully digital claims processing, and advanced machine learning modelling
- Enables efficient and effective identification of fraudulent claims while maintaining a human-in-the-loop approach for complex cases

Real-world case studies demonstrate how AI-powered solutions improve efficiency, detect fraud, and enhance the claims handling process, benefiting both insurers and policyholders

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Fortifying Cybersecurity: Trends and Collaborations in the Cyber Insurance Market

- Cyber insurance market exhibits **significant growth potential** driven by **increased liability** and **losses from cybercrime**
- Awareness of cybercrime among company executives and stricter government data regulation policies contribute to the rising importance of cyber insurance
- **Cybersecurity advancements provide higher levels of protection**, but companies recognize the value of additional coverage against cyber threats
- With growing demand, **Insurers aim to strengthen cyber capabilities through acquisition and partnership**

Case-Study 1

Allianz and Munich Re have partnered with Google Cloud to access its customer data to improve underwriting of cyber insurance due to its complex and catastrophic potential

Results

By leveraging Google Cloud's expertise in data security and analysis, Allianz and Munich Re can offer more comprehensive coverage and proactive risk management solutions

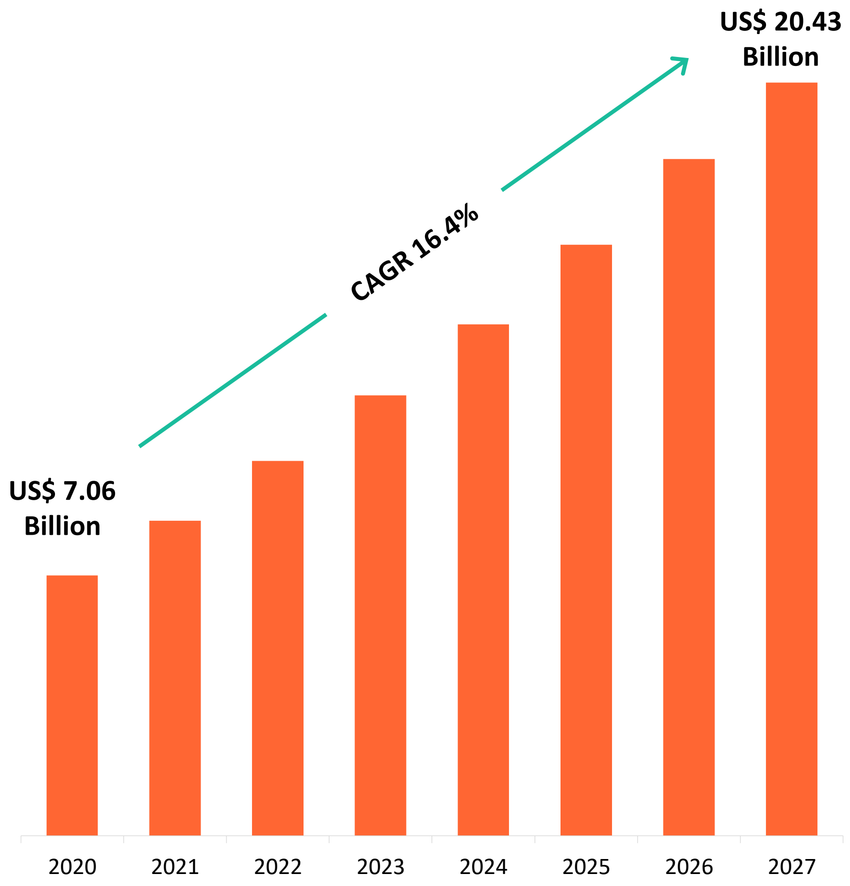
Cyber Insurance Trends

Focus on Data Privacy and Protection

Implementation of threat intelligence and proactive monitoring

Growing Importance of Cybersecurity Partnerships and Collaborations

Figure 8: **Global Cyber Insurance Market 2020 and 2027[1]**



Insurers leverage partnerships and acquisitions to enhance cyber capabilities and provide comprehensive coverage in an evolving landscape

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Source : [1] Global Cyber Insurance Market by Research and Markets

Enhanced Privacy Regulations and Incident Reporting Drive Optimized Design of Insurance Products

- With increasing **reliance on technology and digital systems**, companies face heightened vulnerability to cyber threats due to the **sensitive information and critical infrastructure** involved
- Governments worldwide are considering new laws and regulations to **safeguard critical infrastructure, sensitive data, and personal information**, leading to emphasis on **enhanced privacy** and **incident reporting**
- Insurtech companies have capitalized on this trend by leveraging the data obtained from consenting clients, enabling them to **improve risk evaluation and introduce dynamic pricing for various types of cyber vulnerabilities**
- As cyber incidents increase in complexity, cyber insurance providers are ensuring that they offer businesses coverage that matches their changing needs. **The two major types of protection are : -**

First Party Coverage (1)
- Pay out for financial losses due to cyber incident
- Lost income due to business interruption
- Ransomware attack payments
- Future risk assessment

Liability Coverage (2)
- Financial protection against lawsuits filed by third parties
- Covers court and settlement fees and regulatory fines

Areas of Opportunity for Insurtechs	Examples
1 Cybersecurity Insurance Product Design	Use Parametric Triggers
2 Risk Evaluation and Transfer	Reinsurance and ILS[2]
3 Pricing of Different Types of Cyber Vulnerabilities	Clients prone to malware attacks opting for higher coverage for malware-related incidents

35% of decision-makers consider taking out cyber insurance as an essential part of their risk management implying significant business potential for the insurance industry [1]

Top 5 Cybersecurity Insurtechs

BOXX Insurance, eye, envelop, elpha secure, Snaac Assurances

Insurtechs leverage data from clients to enhance risk evaluation and introduce dynamic pricing for different cyber vulnerabilities including first party and liability coverage

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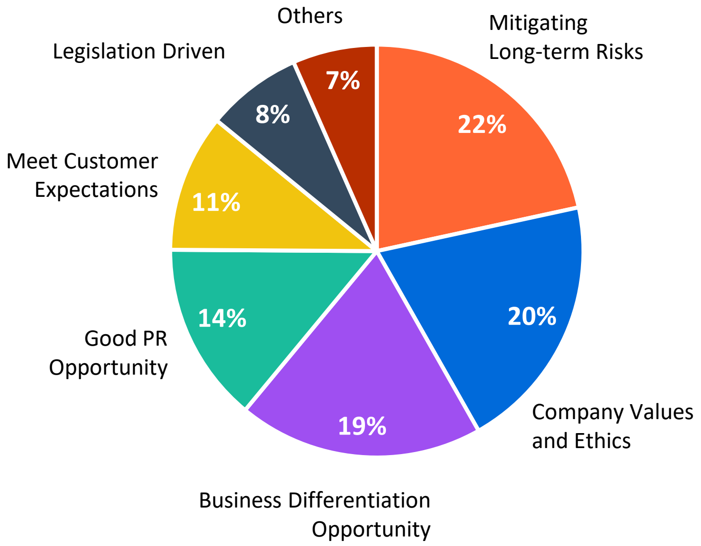
Source : [1] NTT data Global Insurtech Report 2023-Digital Risks | [2] Insurance-Linked Securities

Integration of ESG Factors in Insurance: Driving Sustainability and Responsible Risk Management

- **Sustainable insurance products:** Insurtechs are exhibiting an appreciable adherence to **ESG protocols** by launching products that include coverage for **renewable energy projects**, **climate change adoption, green building initiatives, social impact insurance** and more
- **ESG data integration:** Insurtechs are incorporating ESG data into their underwriting and risk assessment processes by leveraging relevant data to understand and assess price risks
- **Collaboration with ESG focused organizations:** Insurtechs are partnering with environmental organizations, social impact initiatives, and ESG rating agencies to drive sustainability and responsible practices
- **ESG initiatives playing a growing role in M&A:** As per the survey conducted by Coleman Research Group, some 42% of experts said ESG plays an important role in an organizations' M&A activity, while 68% said it will become even more important in the next two years

Figure 9:

What is the main factor driving adoption of environmental, social and governance (ESG) practices in insurance? [1]



Insurtechs drive sustainability through ESG integration. Sustainable products, ESG data in underwriting enhances the appeal of the insurtech player as a potential M&A target

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Source PWC report on ESG: A growing sense of urgency | [1] Life insurance International, Global Data

M&A Activity in Insurtech (2022 & H1 2023)

Target	Buyers/Investors	Date	Target
Growth Funding			
Gravie	AXA Venture Partners, FirstMark, General Atlantic	Apr-23	
Duck Creek Technologies	Vista Equity Partners	Mar-23	
Monokera	Krealo	Dec-22	
Athora	ADIA, Apollo Global Mgmt, Athene Holding	Dec-22	
Sidecar Health	Drive Capital	Nov-22	
Oona Insurance	Warburg Pincus	Oct-22	
Patra	FTV Capital	Sep-22	
Buy Any Insurance.ae	Chedid Capital	Sep-22	
Pie Insurance	Allianz X and Centerbridge Partners	Sep-22	
Ategrity	Sequentis Capital	Sep-22	
Carrot General Insurance	Affirma Cap, Altos Ventures, Hanwha Group, HGI	Sep-22	
RiskPoint	Nordic Capital	Jul-22	

Target	Buyers/Investors	Date	Target
Coalition	Valor Equity Partners, Allianz X and Kinetic Partners	Jun-22	
Go Digit	Sequoia Capital	May-22	
Carpe Data	Thomas H Lee Partners	Apr-22	
ApplyOn	Williams Caribbean Capital	Apr-22	
MoneySmart	Asia-Pacific Strategic Investments	Mar-22	
Accelerant	Eldridge, Altamoont Capital Partners	Jan-22	
OneShield	Maven Equity Partners, Pacific Lake Partners	Jan-22	
Technology Acquisition			
Quick Internet Software Solutions	Davies	Jan-23	
Mavera AB	Verisk	Dec-22	
Blackcomb	Accenture	Oct-22	
Root Signa	Next Level Solutions	Sep-22	
Intellagents	LZG International	Sep-22	

Target	Buyers/Investors	Date	Target
TowerIQ	ReSource Pro	Jul-22	
AcordPay	InsurePay	Apr-22	
Insureon	Hub International	Mar-22	
Business Agility	Endava	Feb-22	
LanternPay	National Australia Bank	Jan-22	
Diversification			
Policy genius	Zinnia	Apr-23	
Simpsurance	Allianz Group	Sep-22	
MGA Systems	Vertafore	Jun-22	
Market Expansion			
Thimble	Arch Insurance Group Inc.	Apr-23	
Movingdots	Powerfleet	Mar-23	
Clyde Technologies, Inc	Cover Genius Pty Ltd	Mar-23	

Target	Buyers/Investors	Date	Target
QuoteBurst, Inc.	Financial Services and Insurance Group	Feb-23	
RiskHandler	Applied Systems	Dec-22	
MicroEnsure Pakistan	Waada	Nov-22	
Bolttech	Tokio Marine & Nichido Fire Insurance	Oct-22	
Ancileo	Fermion	Jul-22	
Effisoft	Duck Creek Technologies	Jul-22	
Agency Software, Inc.	N. Harris Computer Corporation	Jul-22	
LVS Brokers	Sambla Group	May-22	
Ai-London	Lumera	May-22	
GClaims	Wiz Solucoes e Corretagem de Seguros	Apr-22	
Automated Insurance Solutions	Verisk	Mar-22	
HoneyQuote	NSI Insurance	Mar-22	
Trōv	Travelers Companies	Feb-22	
Coya	Luko	Jan-22	

Strong growth in private equity transactions, market expansion and technology acquisition indicate the dynamic and evolving nature of the industry

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Source: [1] Technology Holdings, M&A Tracker 2023 | ADIA: Abu Dhabi Investment Authority, HGI: Hanwha General Insurance

Insurtech VC Deal Activity and VC Exit Activity : 2017-2022

Venture Capital Investment:

- For the year 2022, **610 insurtech companies** received venture capital (VC) investment with a **total deal value of US$ 9.3 billion**
- Insurtech companies selling **property and casualty (P&C)** insurance raised the second highest amount of capital at **$502.8 million,** driven by a large deal involving **Clearcover**, an auto insurance platform which raised **US$ 153 million late-stage round**
- Other notable VC deals in 2022 included a **US$ 80 million** investment in insurance capacity platform **Vestoo** and a **US$ 60 million** investment in health benefits provider **Healthjoy**

Venture Capital Exit:

- The recorded exit value for 2022 was **US$ 2.4 billion with 35 exits,** a substantial decline from **US$ 36.6 billion in 2021 when 51 VC exited** their investments
- As valuations remain depressed, many Insurtech companies will become **acquisition targets of incumbent insurers** and established Insurtech firms, leading to a considerable amount of likely consolidation over the next two years

Figure 9: VC Investment and Deal Count (2017-2022)

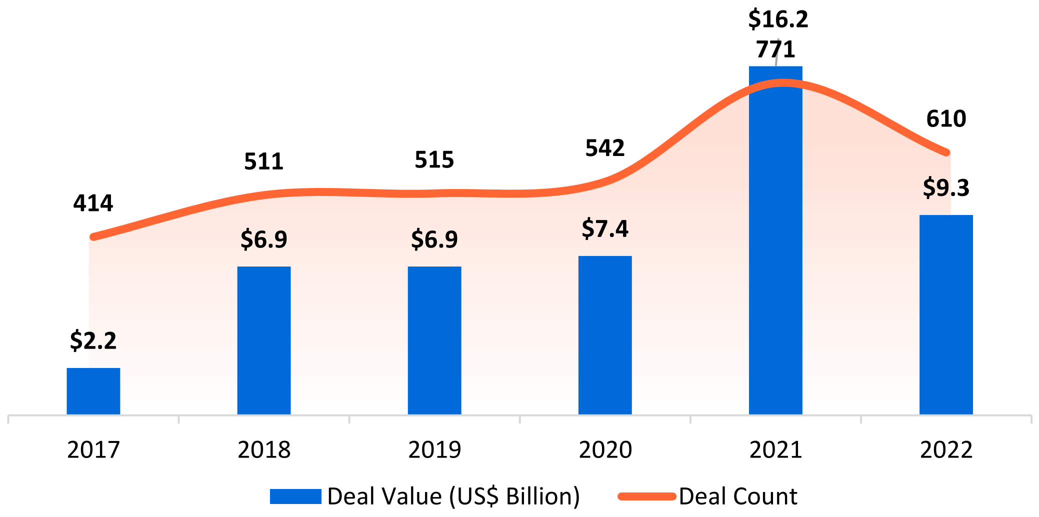
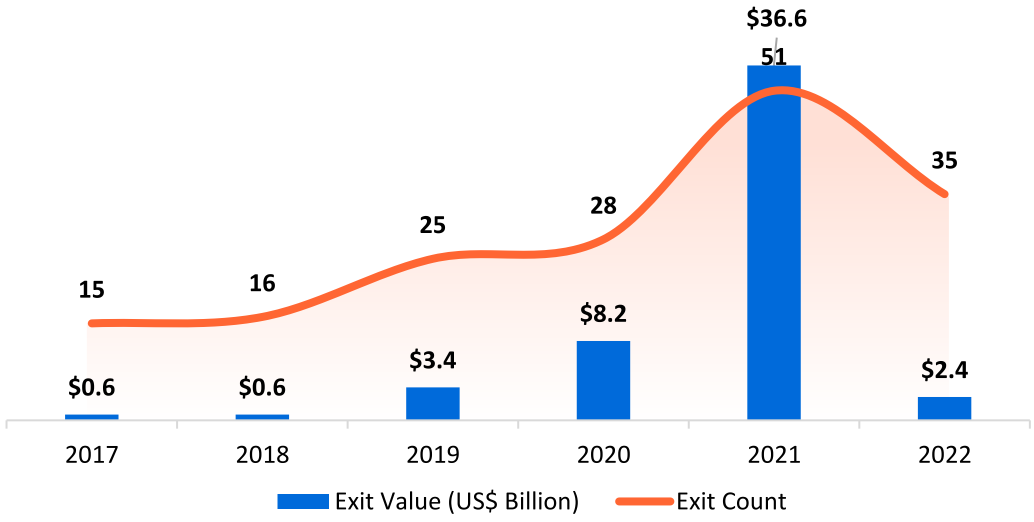


Figure 10: VC Exit Value and Exit Count (2017-2022)



Despite global macroeconomic headwinds, the Insurtech sector witnessed significant VC investment in 2022, with a notable focus on Property and Casualty insurance

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Source: Pitchbook

Venture Capital Investment Activity in Insurtech (2022 & H1 2023)

Target	Buyer	Date	Country
Kin	AllegisNL Capital, Alpha Edison, August Capital, Avanta Venture, Better Tomorrow Ventures, Commerce Ventures, Dipalo Ventures, Flourish Ventures, Geodesic Capital, Haro Ventures	Mar-23	
Pier Digital	Spectra Investments, Wayra Brazil	Feb-23	
Wefox	Mubadala Investment Company, Eurazeo, LGT, Horizons Ventures, OMERS Ventures and Target Global	Feb-23	
InsuranceDekho	Alstroemeria Investments, Avataar Venture Partners, Investcorp, Laxmi Narayanan Sridharan, Leapfrog Investments, Shridham Sons,	Feb-23	
Matic	CMFG Ventures	Feb-23	
Akur8	FinTLV Ventures, Plug and Play Tech Center	Jan-23	
Qoala	Apis Partners, AppWorks, BRI Ventures, Daiwa PI Partners, Eurazeo, Indogen Capital, KB Investment, Mandiri Capital Indonesia, responsAbility Investments, RMKB Ventures, Salt Ventures, Sequoia Capital India	Jan-23	
Insurance dekho	TVS Capital and The Goldman Sachs Group	Jan-23	
Igloo	ACA Investments, BlueOrchard Finance, C Entrepreneurs, Cathay Capital Private Equity, Finnish Fund for Industrial Cooperation, La Maison Partners	Dec-22	
Clearcover	American Family Ventures	Nov-22	
Cover Genius	Atlas Merchant Capital, Dawn Capital, G Squared, King River Capital	Nov-22	
Transacarent	Kinnevik, Human Capital, Ally Bridge Group, Northwell Health, Intermountain Healthcare	Nov-22	
Vestoo	Mouro Capital, Gramercy, BRV, Hanaco Venture Capital	Oct-22	
Zopper	Creaegis, ICICI Ventures, Bessemer Venture Partners	Sep-22	
Xempus	InfraVia Growth and Goldman Sachs Asset Management	Sep-22	
omni:us	Württembergische & Badische Versicherungs	Sep-22	
Servify	AmTrust Financial Services, Pidilite Industries, Singularity AMC	Aug-22	
Rabbit Care	Winter Capital	Jul-22	
Element Insurance	Ilavska Vuillermoz Capital, Mundi Ventures, Versorgungswerk der Zahnärztekammer Berlin, Witan Group	Jul-22	
YuLife	Anthemis, Creandum, Dai-Ichi Life Insurance , Eurazeo , Latitude Ventures (London), MMC Ventures, Notion, OurCrowd, Phoenix Court, Target Global	Jul-22	
Openly	Advance Venture PartnersClocktowers Ventures, Obvious Ventures, Gradient, Ventures	Jun-22	
Instanda	Dale Ventures, Toscafund Asset Management	Jun-22	
Branch Insurance	10X Capital, Acrew Capital, American Family Ventures, Anthemis, Baird, Flucas Ventures, Gaingels, Greycroft	May-22	
Turtlemint	Nexus Venture Partners, Jungle Ventures, and Amansa Capital	May-22	
Alan	Agnelli family, Aonia Ventures, Coatue Management, Dragoneer Investment Group, EXOR Seeds, Index Ventures, Lakestar	May-22	
Coherent	American Family Ventures, Franklin Resources, GreatPoint Ventures, Maverick Capital, Owl Rock Capital Group	Apr-22	
Newfront	B Capital Group and Goldman Sachs Asset Management	Apr-22	
Socotra	8VC, Activant Capital, Brewer Lane Ventures, Friends and Family Capital, Insight Partners, MS&AD Ventures	Mar-22	
CoverGo	Asia Financial Holdings, Fresco Capital, Noria Capital, Old Mutual, SemperVirens Venture Capital,	Mar-22	
Simple	KKR, Eurazeo Group, SpeedInvest, Tikehau	Mar-22	
Cowbell cyber	Anthemis Group, Permeria	Feb-22	
Sante vet	Columna Capital	Feb-22	
Kenko Health	Jaipur Capital, Sequoia Capital India, Sequoia Capital Southeast Asia	Feb-22	
Betterfly	Glade Brook Capital Partners, Greycroft, Lightrock, QED Investors	Feb-22	
League	TDM Growth Partners, Workday Ventures	Feb-22	
Descartes	Highland Europe	Jan-22	
FWD Insurance	ORIX Asia Capital	Jan-22	
RenewBuy.com	responsAbility Investments	Jan-22	
Oyster	Greogrian Partners, Avid Ventures, Base 10 Partners, Emergence Capital Partners, Endeavour Catalyst, PayPal Venrtures,	Apr-22	

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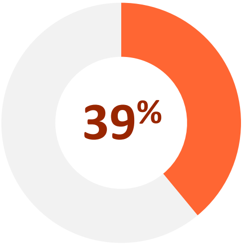
Key Drivers for M&A Activity in Insurtech

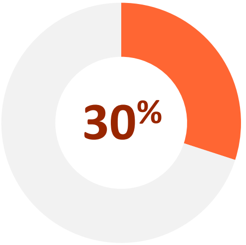
Market Expansion

- Insurtech companies seeking to expand their **market presence** and reach **new customer segments**
- Acquiring companies in new geographic regions or entering untapped markets
- For instance – **Trov Technology**, a provider of embedded insurance, was acquired by **Travelers insurance** to expand their offerings to **micro-duration policies**



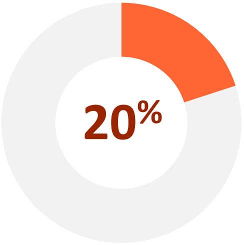
Value Creation by PE Firms

- PE firms are investing in Insurtech companies to support their accelerated growth strategies, **leveraging their expertise and resources**
- Facilitating **strategic partnerships** and **collaborations** with other industry players
- **Chedid Capital** acquired UAE-based Insurtech **BuyAnyInsurance**, gaining access to a global network across **60+ countries** across **Middle East, North** and **Sub-Saharan Africa, and Asia**



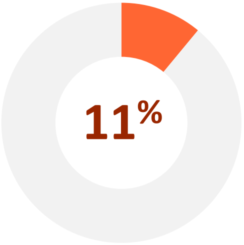
Technology Acquisition

- Insurers and established firms acquiring technology-focused startups to enhance their digital capabilities
- Incorporating **advanced technologies like AI, ML, and IoT** solutions into insurance processes
- US-based insurance software provider **Davies** acquired **ClaimPilot,** a web-based SaaS platform that improves claims visibility through personalized tracking and reporting solutions



Diversification

- Insurers and Insurtech companies are acquiring capabilities to diversify their offerings
- Expanding into **new insurance lines** or **entering adjacent industries**
- **Lemonade**, a US insurer, expanded into auto insurance through the acquisition of pay-per-mile car insurer **MetroMile**
- The acquisition allows Lemonade to make a leap forward in technology that enables it to access and analyze customer driving data



M&A in Insurtech driven by growth strategies, partnerships, technology acquisition and diversification efforts

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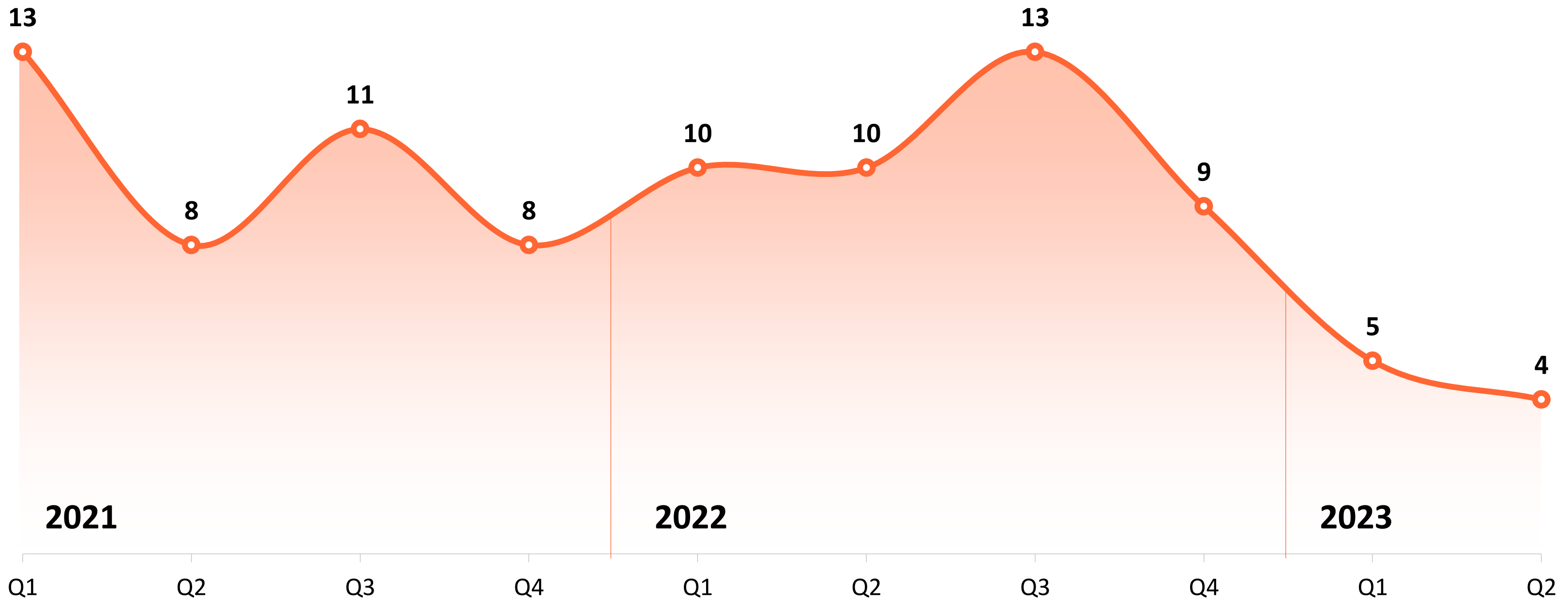
Source: Technology Holdings, M&A Tracker 2023

Insurtech M&A Activity: Quarterly Trends

- In 2022, **39 M&A transactions** were carried out, compared to **40 transactions in 2021**
- We anticipate deal activity to increase as incumbent insurers and established insurtech firms acquire smaller players for market expansion
- **Vertical integration:** insurers are integrating insurtech startups to enhance digital capabilities and offer customized products
- **Cross-sector collaborations:** Insurtechs are exploring partnerships with companies outside the traditional insurance industry, such as tech giants, fintech firms and automotive companies, to tap into new markets. This has attracted significant investments in **Insurtechs** from **non-insurance** players such as **Google**
- The largest transaction so far is the acquisition of **Duck Creek Technologies by Vista Equity Partners for US$2.6 billion in March 2023**

Figure 11: **Number of M&A Transactions : Q1 2021 to Q2 20231**



Note: Q2 2023 transactions cover only Apr 2023

Year-Wise M&A Transactions	91	42	40
	2021-23†	2022	2021

† 2021 to YTD 2023

Despite prevailing macroeconomic challenges, the Insurtech M&A landscape is witnessing significant activity, driven by vertical integration and cross-sector collaborations. This trend is reshaping the industry and leading towards a transformative future

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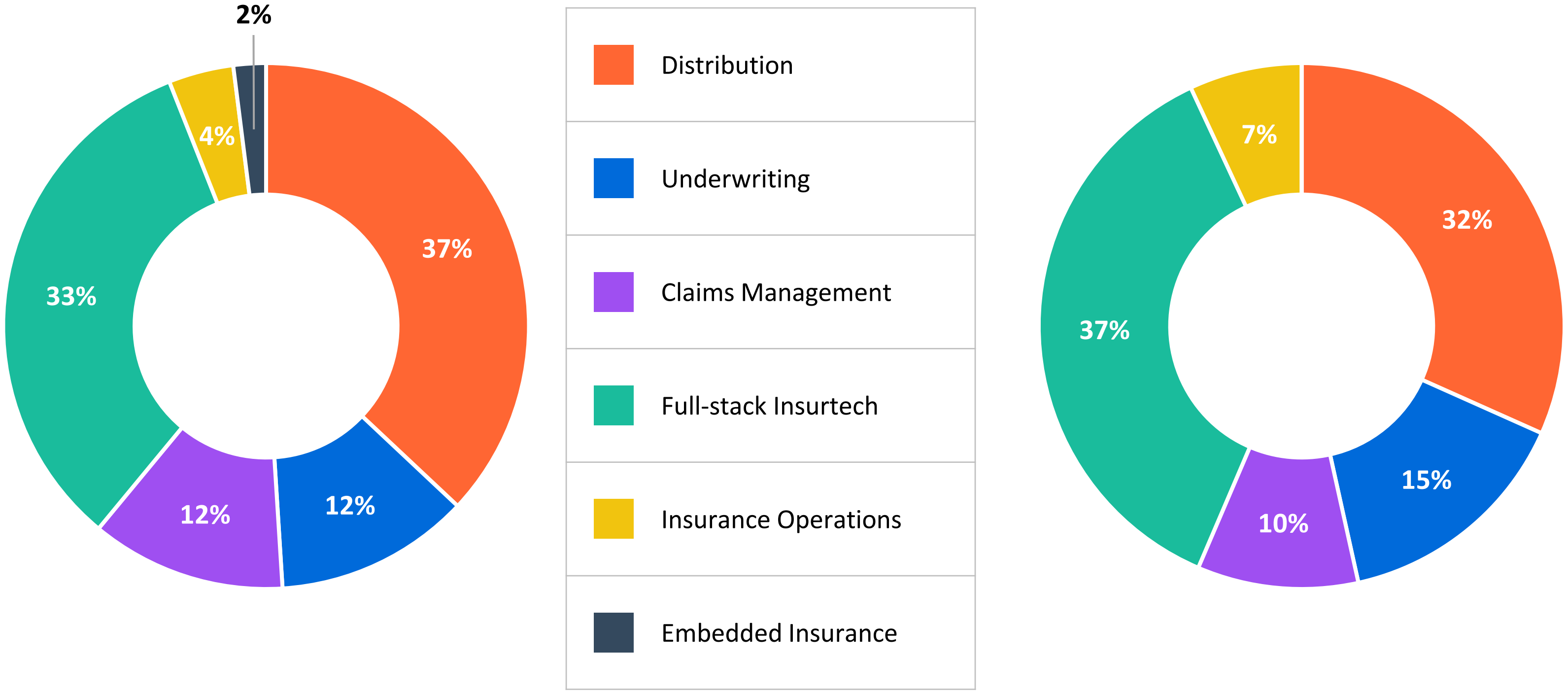
Source: Technology Holdings, M&A Tracker 2023

M&A Activity by Insurtech Focus Areas

- **Distribution-focused** companies accounted for the highest number of acquisitions since 2021, indicating the significance of expanding distribution channels and customer reach
- **Full stack Insurtech** companies remained a substantial target for M&A, highlighting the appeal of end-to-end digital insurance solutions
- **Underwriting-focused** and claims-focused were also targeted for enhancing underwriting capabilities and optimizing claims processes
- The acquisition of **embedded insurance** companies, though a smaller percentage, demonstrates the growing recognition of the potential of integrating insurance services into non-traditional products and services

Figure 12: **M&A's (%) by Insurtech Focus Areas: CY 2021 vs CY 2022**[1]



Acquisition trends highlight focus on distribution, full stack solutions, underwriting and the emerging potential of embedded insurance

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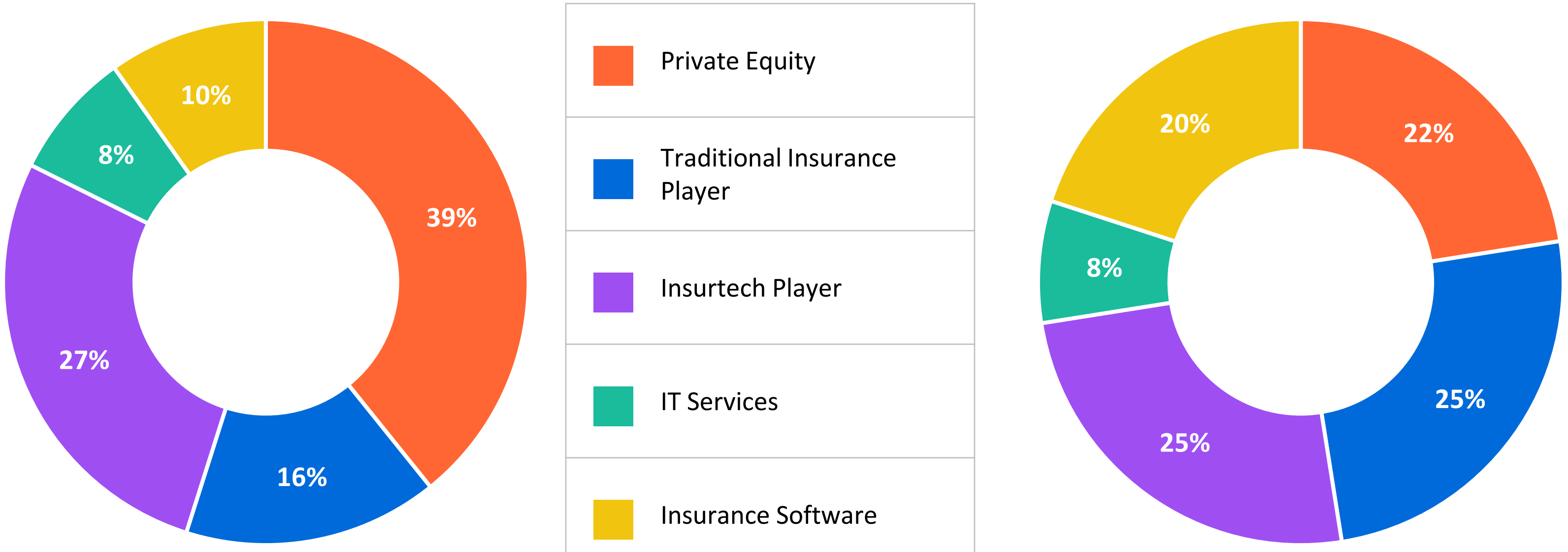
Source: [1] Technology Holdings, M&A Tracker 2023

Buyer Landscape in Insurtech M&A Activity

Figure 13: **M&A's (%) by Buyer Type: CY 2021 vs CY 2022[1]**



- Private equity firms have strategically engaged in insurtech M&A to fuel growth and capitalize on the potential of innovative technology-driven solutions
- Traditional insurance players are reevaluating their M&A strategy in the insurtech space, potentially seeking more targeted and strategic acquisitions
- Large and established insurtech players have continued their acquisition strategy to expand their market presence, gain competitive advantage, and enhance their product offerings
- IT services companies and insurance software providers may be adjusting their M&A approach, by focusing on more specific areas of expertise or exploring alternative growth strategies

The Insurtech M&A landscape reflects diverse buyer types, with PE firms driving significant investment, traditional insurance players adapting strategy, and established Insurtech firms playing a critical role in shaping the industry's future

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Source: [1] Technology Holdings, M&A Tracker 2023

2022 Regional Breakdown

North America leading the way, followed by notable growth in Latin America and Asia-Pacific

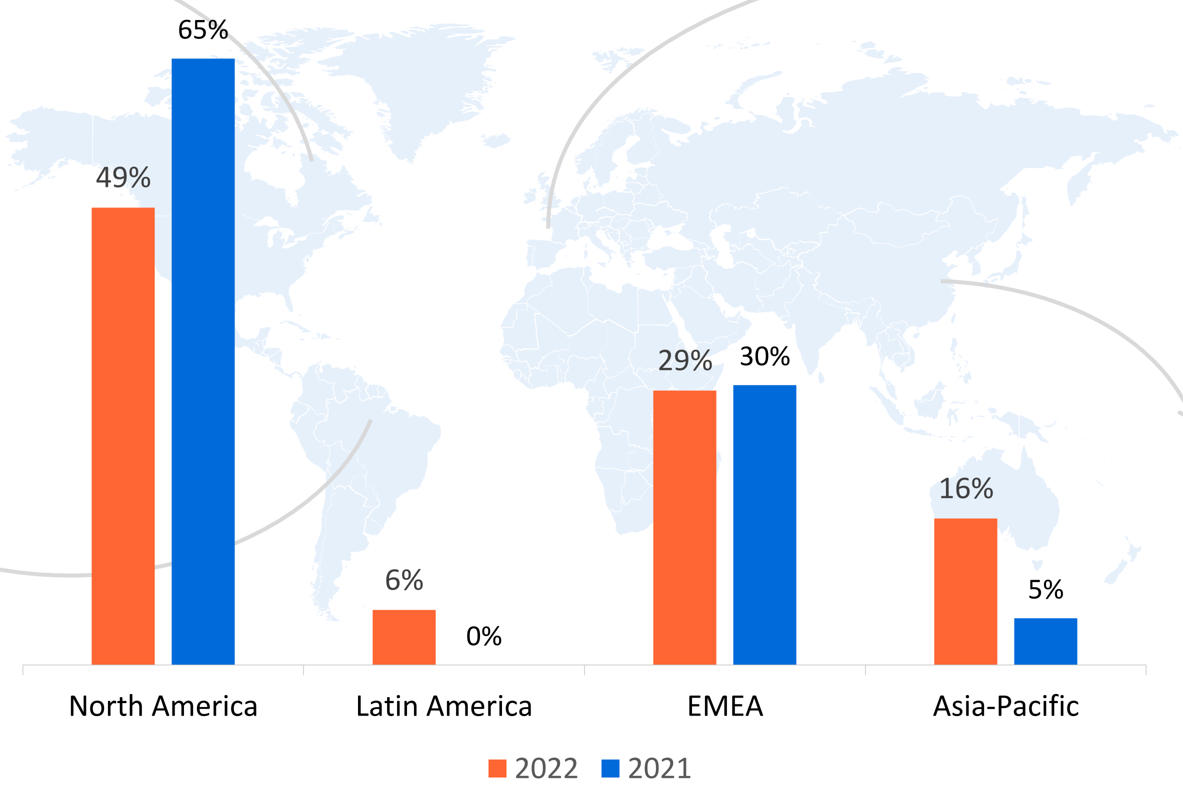
North America

- Dominant region with declining share but still attracting significant investment and driving innovation
- M&A drivers include market consolidation, expansion and access to innovative technologies

Latin America

- Notable increase in M&A activity, indicating growing interest and investment in the region's emerging Insurtech ecosystem
- M&A activity is driven by the growing demand for tech-driven insurance solutions and the desire to modernize the insurance sector

Figure 14: **Regional Breakdown of M&A Activity in 2021 -2022**



EMEA

- Maintained a steady level of insurtech M&A activity, highlighting the region's commitment to technological advancements in the insurance industry
- A well-established insurance market and digital transformation initiatives contribute to the region's consistent M&A landscape

Asia-Pacific

- Significant surge in Insurtech M&A transactions, demonstrating the region's rapid growth and potential
- The increasing adoption of technology, presence of emerging economies, and rising demand for insurance services drive the vibrant Insurtech M&A landscape in Asia-Pacific region

Insurtech M&A activity varies across regions. These trends reflect the global appetite for collaboration, innovation, and market expansion in the dynamic Insurtech landscape

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Source: Technology Holdings, M&A Tracker 2023

Key Takeaways

Drivers of Growth for Insurtech

The global Insurtech market is growing rapidly, fuelled by the need for innovative **technology-driven solutions** to **enhance efficiency** and **accessibility in insurance services**. Startups are disrupting the market, particularly in areas like **cyber risk** and catering to **underserved customers such as gig economy workers**. Established incumbents face a threat as they struggle to keep pace with these trends. Some of the key trends discussed in the report are -

Open insurance ecosystems

Open insurance ecosystems are fostering collaboration and innovation in terms of embedded insurance there by expanding the market opportunity

Artificial Intelligence

Artificial intelligence is playing a crucial role in transitioning insurers from manual underwriting to advanced underwriting, improving capacity, accuracy, customer interactions and claims management

Cybersecurity

Cybersecurity is a growing concern, leading to increased demand for cyber insurance coverage, prompting insurers to strengthen their cyber capabilities through acquisitions and partnerships

ESG

Insurtech companies are focusing on incorporating ESG factors in insurance, launching sustainable insurance products, integrating ESG data into underwriting, and collaborating with ESG-focused organizations to drive sustainability and responsible risk management

M&A Activity

- M&A in Insurtech driven by **growth strategies**, **partnerships**, **technology acquisitions** and **diversification** efforts
- Acquisition trends highlight focus on **distribution, full stack solutions, underwriting** and the emerging potential of **embedded insurance**
- TH has tracked a total of **91** transactions in the past two years
- In 2022, **610** Insurtech companies received venture capital (VC) investment with a total deal value of **US$ 9.3 billion**
- Amidst funding challenges, the **insurtech private market** presents a favourable landscape for M&A opportunities

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Technology Holdings' Insurtech Transaction Track Record

Technology Holdings (TH) is exclusively focused on investment banking in technology services and software and is the IT services and digital transformation advisor of choice globally. Over 22 years, TH has built deep expertise in digital platforms, with global reach and extensive strategic buyer and private equity relationships to help clients navigate through a sale and/or capital raise process, and to secure premium valuations.

- 2023 The M&A Advisor International M&A Award Winner — **Boutique Investment Bank of the Year Award**
- 2023 The M&A Advisor International M&A Award Winner — **M&A Deal of the Year Award** ($100M - $250M)
- 2022 The M&A Advisor Award Winner — **Cross-Border Deal of the Year Award**
- FM. M&A Awards 2022 Winner — **Mid-Market M&A Advisory Firm of the Year Award**

TH has closed 13 Insurtech transactions with a cumulative enterprise value of over US $500 million

Blackcomb (Ascend to Success) – Guidewire Partner	Strategic sale to	accenture	Insurance Technology Services
business agility	Strategic sale to	endava	Insurance Technology Services
tenzing	Strategic sale to	Tech Mahindra	Digital Insurance
NEO – Guidewire Partner	Strategic sale to	GFT	Insurance IT and Business Consulting
exaxe	Strategic sale to	MAJESCO	Digital Insurance Software
ISS Systems	Strategic sale to	EXL	Digital Insurance Platform
SCIO health analytics	Acquisition of	Clear Vision Information Systems	Healthcare Payor Analytics Software
McCamish Systems	Strategic sale to	Infosys	Life Insurance Platform BPO
WYDE	Acquired by	Mphasis The Next Applied	Life and P&C Insurance Software
Solucia	Acquired by	SCIO health analytics	Healthcare Analytics and Consulting
National Audit Healthcost Precision	Acquired by	SCIO health analytics	Health Claims Audit & Recovery
Eldorado	Strategic sale to	Mphasis The Next Applied	Healthcare Payor Platform
Scandent Group	Strategic Investment	NABN	Claims Processing

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