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India Insurtech Landscape and Trends

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INDIA INSURTECH LANDSCAPE AND TRENDS

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ABOUT INDIA INSURTECH ASSOCIATION

Insurtech activity in India has been increasing rapidly since 2017. This year, the COVID-19 pandemic has prompted a significant increase in the prioritization of technology initiatives, leading to an urgency around deployment of digital solutions at insurers in India and indeed across the world.

India has been at the forefront of innovation, with digital platforms like the India Stack, accelerating the use of digital platforms across all segments of society. Furthermore, the use of these platforms has increased the amount of data per person creating new opportunities. Insurers have the opportunity to play a key role by co-creating and adapting their offerings to the new digital environment and by orchestrating ecosystems.

However, the incumbents cannot do this alone. They need to collaborate with digital platforms and Insurtechs to maximize the opportunity. These partnerships have the potential to enable more personalized online distribution, predictive underwriting and more efficient claims management and significantly increase the penetration of insurance in India.

India Insurtech Association was founded to fulfil this promise. Our mission is to make India a world leader in Insurtech by fostering a diverse community of insurance innovation and collaboration by bringing together Insurtechs, insurance practitioners, entrepreneurs, technologists, innovators, and industry stakeholders across India.

As a first step, we are delighted to collaborate with BCG on this paper to capture the Indian and Global Insurtech landscape and trends. We focus on the innovations being enabled by Insurtechs and methods to increase collaboration between the insurers and Insurtechs.

We hope you find this paper illuminating.

Prerak Sethi, Subhajit Mandal and Shwetank Verma

Co-founders, India Insurtech Association

EXECUTIVE SUMMARY

The Indian Insurance Industry is Evolving

The Indian insurance industry has seen significant growth. Life and non-life grew at 17 percent and 14 percent respectively in the last five years. But there is further opportunity for growth. Segments such as life, health, property and crop are underpenetrated. Moreover, customer preferences are continuously evolving with growing digital adoption and acceptance of new innovative product constructs. Technology advancements such as IoT, Big data analytics, etc. are enabling innovation across the insurance value chain. Regulators and government bodies are also actively supporting innovation through enablers such as the regulatory sandbox. COVID-19 has further accelerated the evolution with higher digital adoption by customers, channel partners and insurers.

The Coming of Age of Insurtechs

Insurtech evolution is indicated in the funding levels across the globe. Global funding in Insurtechs have grown from about $2 billion in 2016 to $6 billion in 2020. While Americas account for the largest share of funding (68 percent of funding in 2020), Asia has been the fastest-growing geography till 2019 (5-year CAGR of 60 percent). In India too, albeit with a smaller base, funding has seen an increase from a modest base of $11 million in 2016 to $287 million in 2020. The funding trend has continued with Turtlemint raising $30 million in November 2020 and Digit raising around $84 million at the start of 2021.

General Insurance is the largest and fastest-growing segment accounting for 60 percent of global funding in 2020 and the highest 3-year CAGR of 65 percent. In India, too, General Insurance funding has grown rapidly in recent years and accounted for 75 percent of the funding pool in 2020. B2C Insurtechs lead the way in terms of funding and accounted for 65 percent of the global funding in 2020 compared to 95 percent in 2015. However, B2B Insurtechs have shown signifi-

cant trajectory in the last few years and grew 78 percent over the last 5 years. India, in contrast, still sees an over indexing on B2C investments, with a 97 percent share of total funding in 2020.

In sync with larger funding rounds, the eco-system is also maturing as reflected in the increase in late-stage funding. Share of late stage funding (Series C+) globally, has increased to 70 percent in 2020 versus 40 percent in 2014. In India too, the number of late-stage rounds (Series C+) increased from a single round in 2014 to four rounds in 2019. Globally, 9 Insurtech unicorns have emerged in the past three years. Root, Wefox, Hippo, Next insurance, Lemonade, Waterdrop and Unqork are the global unicorns while Policybazaar and Digit insurance are India's entries into this exclusive club.

Innovation driven by Insurtechs Globally and in India

As the Insurtech landscape evolved—we have seen players pushing the limits of product innovation, offering newer value-added-services and also expanding rapidly to build large eco-system plays. We see innovation on four broad dimensions:

1. Addressing niche segments, contextual and new age needs

   Bite-sized insurance catering to a very specific need or context. The focus is on small transactions e.g. air travel or e-commerce transactions, offering protection at the point of consumption. Significantly triggered by digital commerce across sectors which Insurtechs are using to pilot out new products. The continued movement on this could become a significant shift from how consumers have perceived insurance as being large ticket, infrequent and more deliberate purchase.

   Products catering to niche segments and new age needs. Examples of these are Pet Insurance products or short-term rental host insurance products. Again, triggered by digital consumption which implies easier digital distribution and targeting (which would have been difficult in a classic offline distribution model) or newer needs with evolution of demand spaces. We see either specialized Insurtechs emerging to capture these or slew of new products from Insurtechs.

   Products that enable moving from protection to prevention. This is especially true for health, where companies are rapidly pushing for better health outcomes for customers and thereby reducing the claim expenses. Elements like virtual care and more deployment of health tech devices which are becoming ubiquitous and very sophisticated are being used to create new offerings. COVID-19 can be a significant shift in this as consumers become far more comfortable with tele and digital health solutions and their efficacy.

   Parametric insurance as a way to insure against events that potentially lead to loss. With the ability to capture more data,

parametric insurance which is more trigger based have seen a wider adoption to complement the traditional insurance products. An example is the evolution of various weather-based products where existence of far more sensors, data and thus more sophisticated modeling is driving innovations.

2. Services and solutions beyond Insurance

   Another key theme which is clearly visible, is the shift of the Insurtechs (and Insurers) away from pure play insurance to a host of value-added-services.

   The objective is to provide a more comprehensive "one-stop" solution to the consumers who come into their fold. At one end, there are examples like Haven life which has rolled out services like will creation, document vault etc. around the core. At the other end, massive financial eco-systems are being created where a host of services are being offered. One view of the customer and thereby ability to reduce acquisition cost, operating costs (as well as fixed costs with scale) as well claim expenses and credit risks are the key triggers for these eco-systems to emerge. Chinese eco-system like Ping An is a classic example providing a multitude of services beyond just insurance.

   We are also seeing an emergence of B2B services being offered by Insurtechs, as they build out mature solutions which they can offer to Insurers / other enterprises.

3. Data-driven innovations across the value chain

   Not surprisingly, Insurtechs (and Insurers) are now extensively focused on data capture and building analytic models to extract maximum value. Some of the key uses as can be expected are in sharper pricing and underwriting models. Examples like differential pricing on auto insurance basis the driving behavior is becoming more common. Similarly, many other areas which remained classically under penetrated because of lack of data (e.g. Crop Insurance) are becoming more prevalent with more sensor and satellite driven data and better risk models.

   Companies are also leveraging analytics extensively and creatively to drive insights across key streams like acquisition, claims assessment, customer service, personalization and fraud detection. AI driven capabilities to help improve sales conversions, using ML to enhance claims efficacy using images or better pattern recognition for frauds are only some of the use cases which now abound across the Insurtech landscape.

4. Enhancing customer, channel partner and employee experience

   Experience—not only for the consumer, but also for employees and channel partners has been another core area of innovation and push with increasing digital adoption. Seamless customer onboarding with minimum fuss and the highest transparency has

been an area of strong focus for many B2C Insurtechs who keenly appreciate this as a driver for their NPS scores.

Ensuring that the channel partner experience and efficacy are also enhanced has been another key area of thrust. Intelligent sales platforms and sales assistant apps tightly integrated with internal systems is just one example of how companies are pushing the boundaries on this front.

Collaboration between Insurers and Insurtechs

Insurers and Insurtechs can solve for intrinsic challenges through collaboration. Insurtechs bring technological innovation and agile execution, enabling insurers to counter legacy data systems and complex internal processes. Insurtechs have the opportunity to get access to a broader set of customers and participants, improve offerings and achieve faster scale up.

There are multiple models for collaboration such as incubation, capital investment, co-creation, partnership / distribution, and integration. There are multiple global examples of collaborations enabling creation of innovation products and services, enhanced capabilities and creation of new engagement channels.

Implications for Stakeholders

Insurers, Insurers and Regulators can come together to enable innovations in the insurance industry. Insurers can pick the right use cases and double down on them while enabling Insurtechs to scale up by providing access to resources and key issues. Insurers can also identify the right collaboration models and work with a focus on customer-centric innovations.

Insurtechs on the other hand can focus on identifying key opportunities and white spaces in the industry to ensure a continuous pipeline of ideas. They can also focus on building for scale with a digital-first mindset leveraging data and analytics.

The regulators can play an active role to enable collaboration through measures such as allowing insurers to set up subsidiaries and JVs, allowing for more than 10 percent equity acquisition etc. while continuing to encourage innovations through enablers like the regulatory sandbox, streamlined product approval process, etc. Regulators can thus enable a shift in mindset to becoming state of the art from precedents.

Insurtechs are forcing the debate “Is the insurance industry about insurers leveraging technology? Or about tech companies offering insurance?”. The answer is immaterial. It is critical now for the insurers, Insurtechs and regulator to come together to enable the transformation so that the ultimate winners will be the end consumers.

KEY TRENDS AND SHIFTS IN THE INSURANCE INDUSTRY

The Indian Insurance industry has seen significant progress with life and non-life insurance growing at 17 percent and 14 percent CAGR respectively, in the past five years. The total number of lives covered doubled from 12 crores to 23 crores during this period and the non-life segment saw six new entrants, taking the total number of players to 34.

However, there is still scope for growth. The insurance market in India remains underpenetrated compared to global leaders. In the USA, more than 90 percent of lives are covered by life and health insurance, while in India the corresponding figures are only 28 percent and 34 percent, respectively. Other segments, including property and crop insurance, have scope for more penetration, as shown in Exhibit 1.

The insurance industry itself is undergoing changes that are driving key paradigm shifts. This chapter highlights the key changes that the industry is undergoing and the way insurers are adapting.

Increased Digital Adoption in Insurance and the Evolution of Customer Behavior

India's rapid internet adoption in the last few years

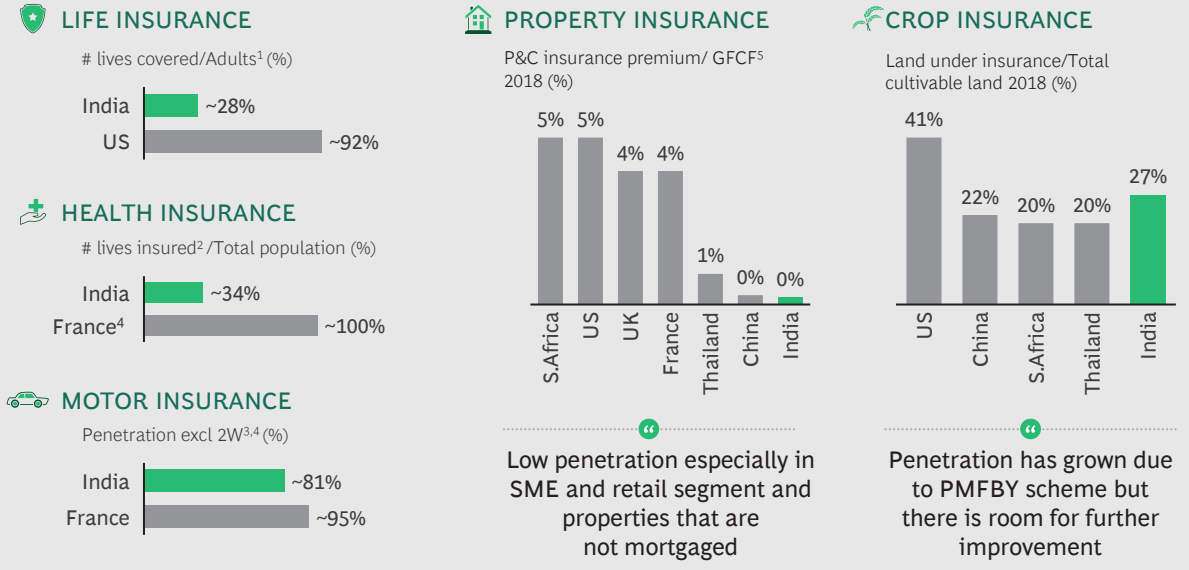
India has witnessed a rapid growth in internet penetration in recent years, with the number of internet users doubling from 330 million in 2016 to around 650 million in 2020. The growth is driven by rising smartphone adoption and falling data prices. India is estimated to have nearly 500 million smartphone users today, who, according to a 2019 survey by World Economic Forum, are enjoying average data cost of just 26 US cents per gigabyte, among the lowest in the world. A recent study also shows maturing digital behavior with an almost 15 percent increase in online shopping and a threefold increase in online banking since 2016.

Customers are increasingly adopting digital channels for insurance

Adoption of digital is impacting the insurance industry too, with consumers preferring online channels for fulfilling their insurance needs. In most European countries, more than 50 percent of consumers use the Internet to research and purchase insurance, as shown in Exhibit 2. The UK is leading the way, with around 66 percent of consumers researching and completing the purchase online while another 19 percent researching online but purchasing offline.

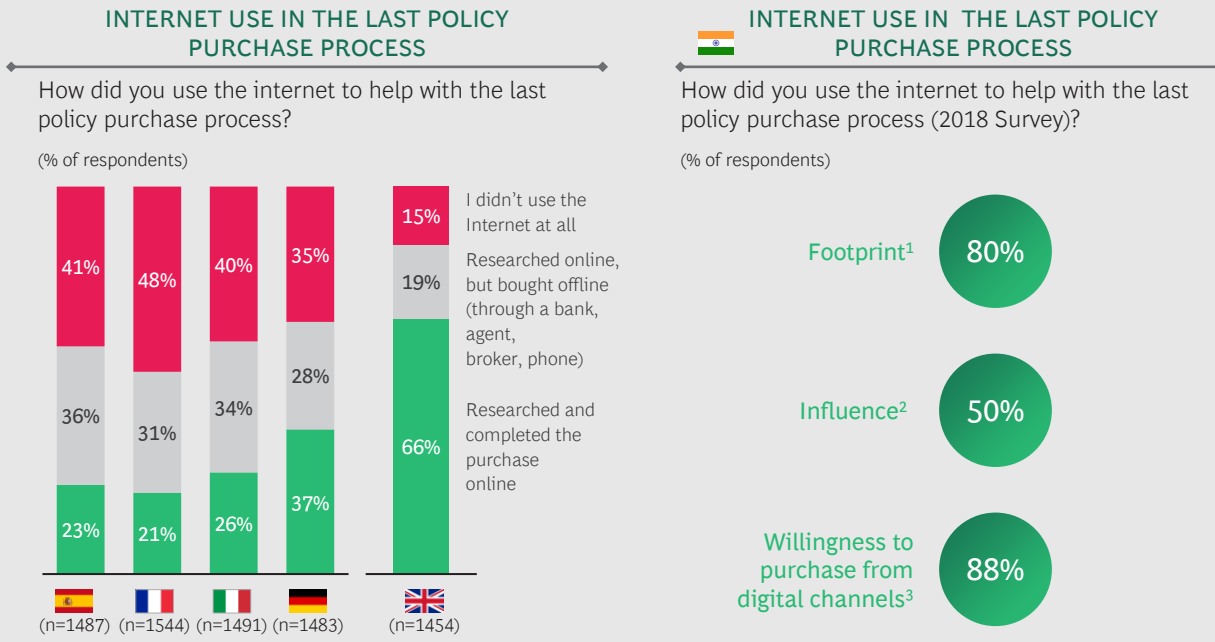
India has also seen a strong adoption of digital in insurance. A BCG-FICCI survey of general insurance customers in 2019 found 65 percent customers had a digital footprint in the purchase journey, and 30 percent got

Exhibit 1 | Insurance Penetration Across Various Segments



Source: World Bank, AXCO database, PMFBY website, Press search BCG analysis.
[1] Above 18 years of age.
[2] # lives covered= Individual + Group + Government.
[3] Penetration basis total # of registered vehicles.
[4] Penetration= # vehicles insured/ insurable stock Figures for France–2017, India–2019.
[5] Gross Fixed Capital Formation South Africa–2017; Except China, Thailand & South Africa–2016, US–2019.

Exhibit 2 | UK is a Best Practice in The Use of The Internet when Selling Insurance Policies



Source: Consumer survey 2019, BCG analysis.
[1] Indian FS consumers who have access to the internet (2017 data - BCG CCI).
[2] % consumers who used online channel at least once during the purchase process (for research and/or purchase of insurance).
[3] BCG-FICCI Insurance survey (2019), n = 3300.

influenced during the journey. The digital trend is expected to grow, with 88 percent Indian customers expressing willingness to purchase through digital channels as shown in Exhibit 2. Google search trends for car, health and travel insurance have increased by 6 times, 3 times and 4 times respectively in the past few years, further establishing the point.

Customer preferences are evolving with higher acceptance of new product constructs

Customers are spending more and more time on digital platforms such as Amazon, Google, Netflix and Facebook, and getting accustomed to a highly personalized and seamless experience. They now expect similar personalized experiences across insurance products, pricing, claims and servicing. In addition, newer needs are emerging due to changes in lifestyle, such as increased leisure travel, adopting pets, etc. These changes are making customers more open to trying new product constructs such as bite-sized insurance, do-it-yourself products, and bundled offerings. Our recent survey found that more than 60 percent of Indian customers were interested in short tenure, low-ticket and do-it-yourself products, as shown in Exhibit 3.

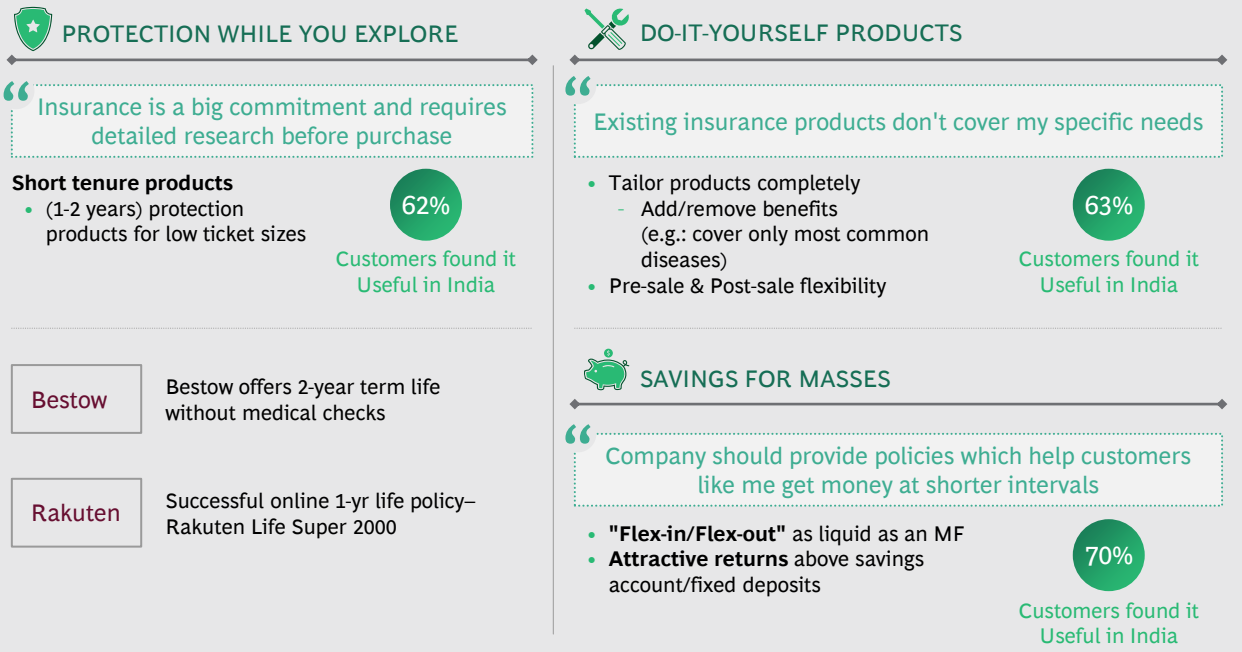
Influx of New Technologies Across the Insurance Value Chain

Just like in the other industries, technological advancements such as connected devices, IoT, AI and Big data analytics are bringing a sea-change to operations, understanding of risk, creation of new products etc., in the insurance industry too.

IoT and connected devices are the driving forces of the next wave of innovations in managing risks. For example, Generali launched around 10 "smart home" products across six countries in Europe and managed to onboard more than one lakh customers in just two years. This technology detects smoke and carbon monoxide in the house, thus reducing the risk to the customers, potentially lower damage to property and therefore a reduced payout. Similarly, in India, Bajaj Allianz and HDFC Ergo has launched IoT based insurance schemes, which monitors customers' driving behavior through a connected device and offers reduced premiums for good driving behavior.

Insurance industry is adopting AI, ML and Big data to drive excellence across the value chain, such as personalized product design, bionic sales force, proactive risk manage-

Exhibit 3 | Along With Customer Expectations, Changing Customer Needs are also Driving Product Innovations



Source: BCG-FICCI Insurance survey (2019), n= 3300.

ment, etc., as shown in Exhibit 4. For example, Santam in South Africa reportedly saved around $2.4 million in just four months by using big data for fraud detection. Machine learning is enabling reduced turnaround time across critical processes such as claims through OCR and similar interventions.

Regulators and Government Bodies Supporting Innovation and Transformation in the Indian Insurance Industry

IRDAI has played an active role in supporting innovation in the industry. The recent regulatory sandbox is a crucial milestone in this regard and saw participation by more than 22 insurers who submitted more than 170 proposals. IRDAI has introduced other key enablers too, such as permitting life and general insurers to conduct KYC through a video-based identification process and allowing insurers to offer rewards for low-risk behavior.

Government institutions such as the Health ministry and the NITI Aayog have also supported the transformation in the insurance industry. The National Digital Health Mission (NDHM), the Digital Information Security in Healthcare Act (DISHA) and the National Health Stack aimed at effecting an integrated digital health infrastructure are examples of such interventions.

COVID-19 has Further Accelerated Digital Adoption

COVID-19 came as a black-swan event, causing significant disruption to a gamut of industries, insurance being no exception. However, the insurance industry has shown better signs of recovery, with the pandemic sparking a clear spending sentiment. In our COVID-19 Consumer Sentiment survey, 49 percent of potential customers said that they might increase spending on life insurance and 45 percent on health insurance in the next six months[1]—-a clear reflection of customers' increased interest in insurance in the backdrop of the pandemic.

The pandemic has also accelerated the adoption of digital channels. Nearly 60 percent of all customers prefer digital channels for completing their insurance purchase, as shown in Exhibit 5. This increase in digital adoption is expected to continue post-COVID-19, with a 10

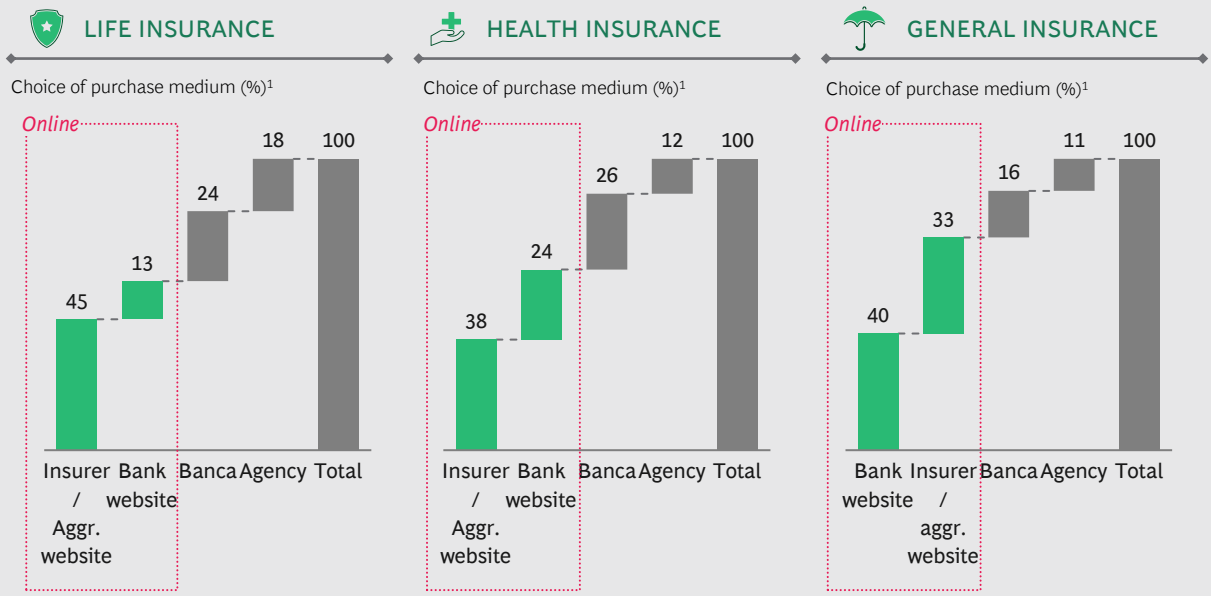
EXHIBIT 4 | Analytics use Cases Across the Value Chain

Non-exhaustive

BUSINESS ISSUES & USE CASES	1 Revenue boost	2 Underwriting excellence	3 Claims suite	4 Customer Service	5 Others
	Sales force 're-activation'	Renewal price optimizer	Claims optimization	Maturity reinvestment	Attrition management
	Churn predictor (incl. lapse)	PASA	Fraud detection	Request prioritization, categorization	Investment risk modelling
	Product optimization	Medical waivers	Reserving	Complaints analytics	Branch footprint optimization
	Need analysis and targeting	UW fraud detection	Risk prevention prioritization	Capacity planning	Training suggestions
	Preferred prospecting	Surrogate income models	Data driven claims assignment	Text / voice analytics	Vendor risk profiling
	...	...	...	...	...

Source: BCG analysis and experience.

Exhibit 5 | Customers Increasingly Prefer Online Channels for their Insurance Needs



Source: BCG COVID-19 Consumer Sentiment Survey.
[1] For those planning to buy in next 6 months.

percent increase in digital influence for urban consumers in comparison to pre-COVID-19.

Insurers swiftly rolled out measures to safeguard customer's well-being during the pandemic.

- Cholamandalam MS, HDFC Ergo etc., launched specific COVID-19 health policies.
- Insurers invested in growing new sales channels. For example, Cholamandalam MS and Bajaj Allianz trained agents to make sales pitch via video and WhatsApp. They also rolled out video chat features for advisory and customer service.
- Agents also quickly adapted to the new ways of doing business, with 63 percent engaging in some form of virtual customer outreach and 58 percent managing renewals virtually, as shown in Exhibit 6. As many as 67 percent of agents felt that customers' willingness to use digital had increased post the outbreak resulting in a higher push for the channel.

Regulators and governments also actively implemented measures to support the industry across key themes such as financial management and compliance, relief to customers, and helping companies extend coverage and support in these challenging times.

The rapid adoption of digital in insurance and the changing customer behavior along with the influx of new technologies have led to key shifts in the industry in terms of product innovations, emergence of ecosystems and data, and technology driven innovations across the value chain.

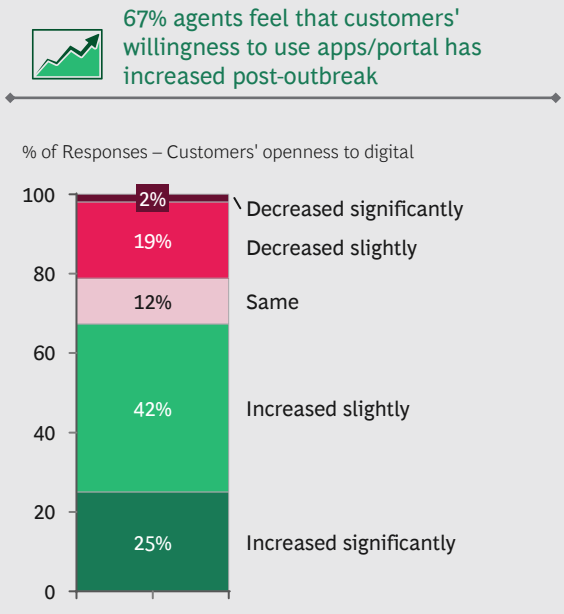
Insurers are recognizing these shifts and have effected rapid interventions to adapt. Exhibit 7 highlights such interventions by HDFC Life in India. Insurers who have invested in such change are already seeing impact on key metrics like profitability, productivity, NPS and turnaround time.

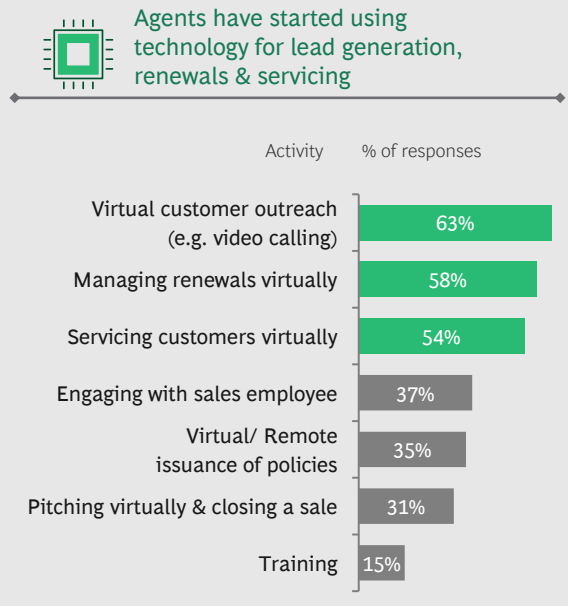
While Insurers are keeping pace, the shifts have also significantly impacted the Insurtech landscape and accelerated their evolution, as we detail in the subsequent sections.

Notes

1. Source: BCG COVID-19 Consumer Sentiment Survey May 18-23 2020 (n=3276)

Exhibit 6 | Agents Feel Customers are More Inclined to Using Digital, Agents Using Digital Medium for Customer Outreach, Renewals and Servicing





Source: India Insurance Agents Survey (N=52) as of 20th April 2020.

Exhibit 7 | HDFC LIFE—Leading Innovation in The Life Insurance Industry in India

Futurance - Insurtech collaboration

- HDFC Life in partnership with IvyCamp launched 'Futurance' program to identify and partner with startups to co-create next-gen solutions

Pulse, Wellthy, Worxogo, Gnani.ai, Syntizen, Fluid, Quantum Data Engines

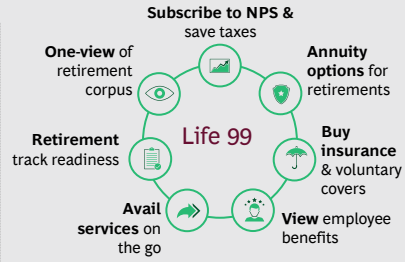
Enhanced customer and sales experience through advanced tech

ELLE	ELLE Chatbot used by 4.75+ lac customers using NLP
Svar	Voice bot for CRM with 14 language options and emotion analysis capabilities
Face sense	AI Vision used in branches, pre-conversion verification etc.
Wise	Industry first video-based sales enablement tool with screen share and tri-party connect

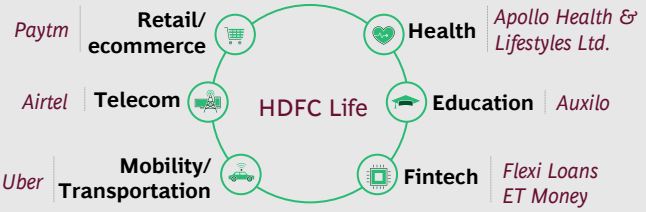
Leading the ecosystem play in the retirement segment

Life99

- HDFC Life's ecosystem for retirement and pension segment with one-view of retirement corpus
- Understand retirement readiness



40+ New-age ecosystem partners across industries



Source: Company website, presentations; Press search.

THE EVOLUTION OF INSURTECHS

THE FUNDAMENTAL SHIFTS IN consumer preferences have accelerated innovation and the growth of Insurtechs. About 2,000 Insurtechs have been founded globally, of which almost half were set up in the last five years. The Insurtechs are diversified across life and non-life, B2B and B2C, with specific offerings across the value chain. The growing number of Insurtechs also signals increasing investor confidence. Some of the key trends with respect to funding of Insurtechs are highlighted below.

Rapid Growth of Global Funding in the Insurtech Industry

Global funding in the Insurtech industry has grown three times from 2016 to 2020, with Asia emerging as the fastest-growing geography. Investor interest in Insurtech industry remains strong with approximately $22 billion of equity investments from 2016-2020, as shown in Exhibit 8. 2018 was a pivotal year, with year-on-year funding nearly doubling, driven by mega-rounds led by Cambridge Mobile Telematics ($500 million; a B2B Insurtech involved in risk assessment) and Oscar Health ($375 million; a digital-first Health Insurtech). The pandemic has had some impact, with funding being relatively flat in 2020.

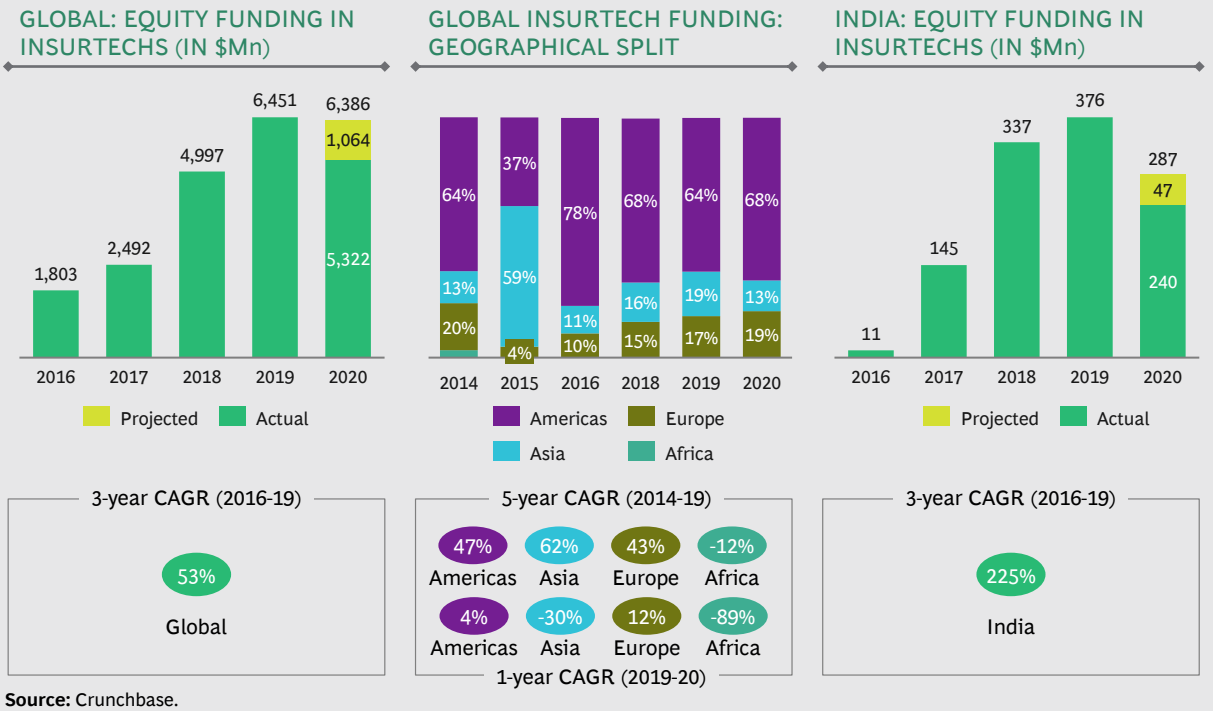
Americas have consistently accounted for the majority of the global Insurtech funding in the last few years. In terms of growth, Asia was the fastest with a 5-year CAGR (2014-19) of 62 percent compared to Americas' 47 percent. The impact of COVID-19, however, has not been the same across geographies. Asia saw the maximum slowdown in funding, going down from the 5-year CAGR of 62 percent to a 1-year de-growth of -30 percent.

In India too, funding grew an astronomical 26 times from 2016 to 2020. While the pandemic had its impact, signs of recovery are already visible in the second half of the year, with funding touching $149 million in the July to October period as against just $92 million during January to June, 2020. The number of rounds also increased to 7 from 5. Insurtechs in India have continued to attract funding with Turtlemint raising $30 million and Plum raising $4.1 million in 2020. Digit insurance raised almost $100 million in 2021 to achieve a valuation of $1.9 billion.

General Insurance Focused Players are the Largest and Fastest Growing

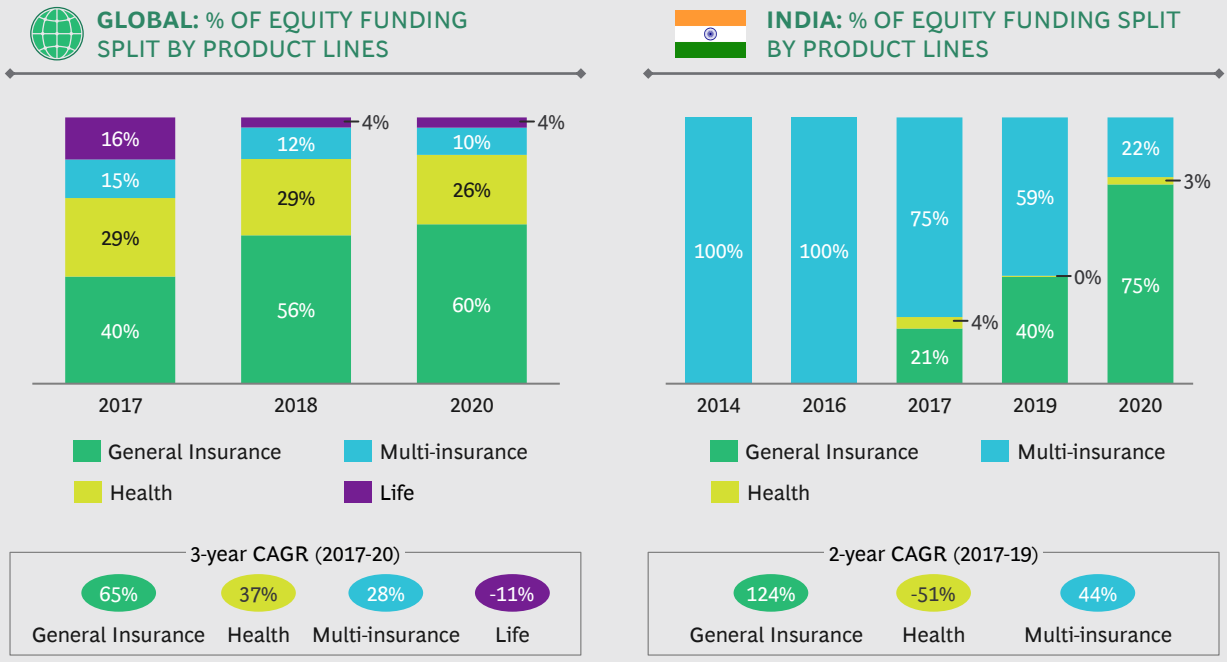
General Insurance and Health have been the frontrunners for global funding in Insurtechs, accounting for more than 70 percent of global funding since 2017, as shown in Exhibit 9. 90 percent of the top 20 mega-rounds from 2014-19 have been in the General Insurance or Health space.

Exhibit 8 | Insurtech Funding Growth Trend Globally and in India



Source: Crunchbase.
Note: n= 1046 Insurtechs globally, n = 24 Insurtechs in India; 2020 data as of 27 Oct 2020, has funding of $5.3B globally and $240M in India; extrapolated to $6.5B and $287M respectively for full year.

Exhibit 9 | Product Line Split of Insurtech Funding Globally and in India



Source: Crunchbase.
Note: n= 173 Insurtechs globally accounting for ~80% of total global funding, n= 24 Insurtechs in India; 2020 data as of 27 Oct 2020, extrapolated for the full year.

General Insurance has seen a higher 3-year CAGR of 65 percent globally, compared to the other segments. This is driven by a much higher number of innovations in products and offerings in this segment.

In India, the two largest segments have been General Insurance and Multi-insurance. The relative lack of Health Insurtech funding signals an untapped opportunity for innovation in India. The Indian Insurtech landscape was dominated by Multi-insurance players such as Policybazaar, Coverfox, and Renewbuy during 2014 to 2017. Since 2018, General Insurance saw a higher share of funding due to the emergence of strong players like Acko and Digit Insurance. Funding to General Insurance focused Insurtechs has increased from a negligible share in 2014-16 to almost 75 percent of the overall funding in 2020.

B2C Segment received the Largest share of Funding while B2B Funding Significantly Growing Globally

Globally, B2C Insurtechs accounted for around 62 percent of the total funding in 2020, as shown in Exhibit 10. However, funding to B2B Insurtechs has been rising, from 5 percent in 2015 to 34 percent in 2020. B2B segment's absolute growth rate is also six times that of the B2C segment in the same period.

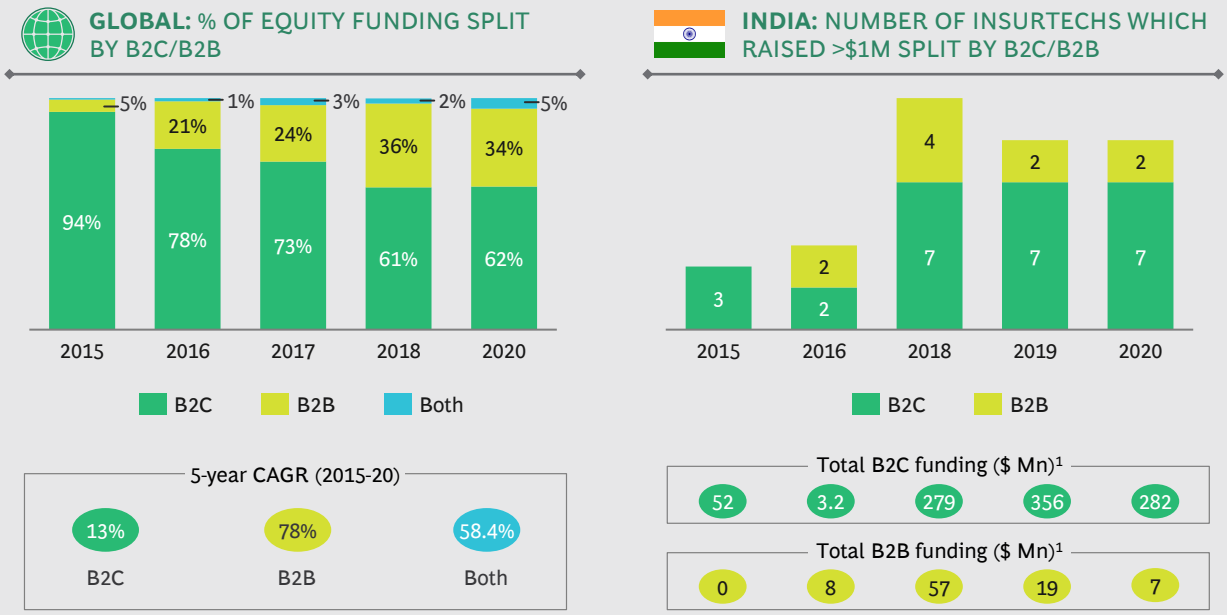
Another noteworthy development is the emergence of players catering to both B2B and B2C segments. These players not only provide in-house or aggregated insurance plans directly to consumers but also use data and analytics to assist other players in risk assessment, underwriting, etc. While this hybrid segment accounts for only 5 percent of the 2020 funding pool globally, its significant 5-year CAGR of 58 percent from 2015 to 2020 indicates an emerging avenue of importance.

In India, the B2C segment accounts for over 90 percent of the funding, while the B2B segment is yet to follow the global trends, signaling another avenue for growth.

Maturing Global Insurtech Ecosystem

Globally, the share of late-stage funding, which includes Series C and beyond, has in-

Exhibit 10 | B2C/B2B Split of Insurtech Funding Globally and in India



Source: Crunchbase.
Note: n= 173 Insurtechs globally accounting for ~80% of total global funding, n= 18 Insurtechs in India which have raised at least $1M
2020 data as of 27 Oct 2020, extrapolated for the full year.
¹ Funding amount includes ticket size of less than $1M.

creased from 40 percent in 2017 to 70 percent in 2020, as shown in Exhibit 11. The number of mega-rounds also increased from just one in 2014 to 12 in 2020 across geographies, product lines and B2C / B2B models, and raised approximately $3 billion.

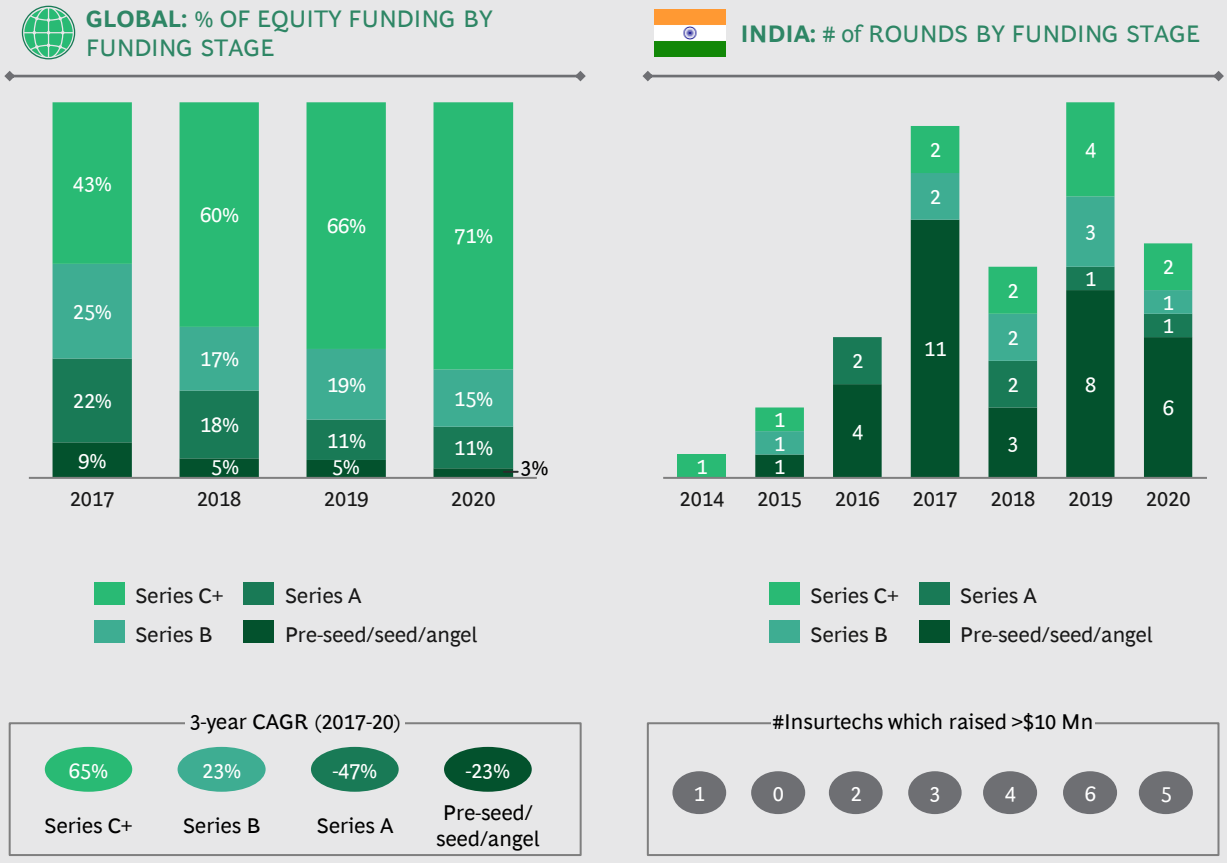
Similarly, in India, the pace of late-stage investment has increased considerably since 2014. In comparison to one late-stage investment in 2014, there were 4 Series C+ rounds and 3 Series B rounds in 2019, raising $257 million and $62 million respectively. Another indicator of rising late-stage investment is the increasing number of $10+ million funding, which jumped from one in 2014 (Policybazaar) to 6 in 2019 and 5 in 2020. The average ticket size of funding for these Insurtechs has increased from $20 million in 2014 to $46 million in 2020. Digit Insurance became the first Indian Unicorn in 2021 with a valuation of $1.9 billion.

Increasing Number of Insurtech Unicorns Across the Globe

As many as ten Insurtech unicorns (valuation of more than $1 billion) emerged during the period 2014-2020. Most are based in the USA and are B2C unicorns. As shown in Exhibit 12, there were four times more unicorns in 2018-20 than in 2015-17. 2019 was a unique year with five new unicorns and despite the pandemic, two new unicorns emerged in 2020. Digit Insurance became the first Indian Unicorn in 2021 with a valuation of $1.9 billion.

GEOGRAPHICALLY, the USA accounts for 6 out of the 11 unicorns, followed by China (2), India (2) and Germany (1). 10 out of the 11 unicorns are B2C players. Unqork, which provides SaaS and underwriting support to insurers, is the only exception.

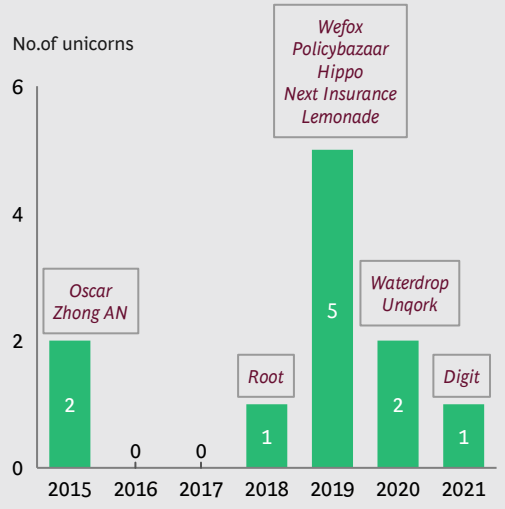
EXHIBIT 11 | Funding Stage Split of Insurtech Funding Globally and in India



Source: Crunchbase.
Note: n= 1046 Insurtechs globally, n = 24 Insurtechs in India; 2020 data as of 27 Oct 2020, extrapolated for the full year; analysis excludes unattributed equity; Series C+ includes attributed growth equity by private equity firms.

EXHIBIT 12 | Global Insurtech Unicorns Split by Geography, Products and B2C/B2B

GLOBAL:
GLOBAL UNICORNS GROWTH TREND



GEOGRAPHICAL SPLIT OF GLOBAL INSURTECH UNICORNS

USA 6 | China 2 | India 2 | Germany 1

USA is the largest unicorn hub followed by China

B2B/B2C SPLIT OF GLOBAL INSURTECH UNICORNS

10 B2C | 1 B2B

Most of the Insurtech unicorns are B2C players with 7 out of these being digital first insurers and 1 (Policybazaar) in sales and distribution

PRODUCT SPLIT OF GLOBAL INSURTECH UNICORNS

6 Multi-line | 3 Health | 2 GI | 0 Life

Multi-line players make up the majority of global Insurtech unicorns

Source: Crunchbase.
Note: A unicorn is defined as a company with a post–funding valuation >$1B.

INNOVATION DRIVEN BY INSURTECHS GLOBALLY AND IN INDIA

INSURTECHS, BOTH GLOBALLY AND in India, are driving the insurance industry towards the 'new normal', primarily by ushering new ideas, which the rest of the industry then builds on. A sizeable number of Insurtechs have been accelerating transformation across the following four critical dimensions:

- **Product innovation for addressing niche segments, contextual and new age needs;** Increasing penetration and addressing unmet demands through innovative constructs such as bite-sized products, parametric insurance, etc. while moving from risk protection to risk prevention.
- **Services and solutions beyond insurance and aiding the emergence of ecosystems;** Providing more holistic offerings to customers and extending specific capabilities and solutions to other industry participants.
- **Data-driven innovation across the value chain;** Building a rich data repository and driving insights to target new segments and build sharper underwriting and pricing capabilities.
- **Use of technology to enhance customer, channel partner and employee experience;** Reimagining processes across customer and channel partner onboarding, customer servicing, claims, renewals etc.

Key innovations driven by Insurtechs across the four dimensions are detailed further in this section. Refer to Exhibit 13 for a summary of select examples, globally and in India.

Addressing Niche Segments, Contextual and New Age Needs

Insurtechs globally and in India have reimagined what can be insured, how product offerings can be enhanced and how products can be re-designed to cater to changing customer needs and behavior.

BITE-SIZED INSURANCE CATERING TO A VERY SPECIFIC NEED OR CONTEXT

One of the key shifts in insurance is around bite-sized products, which are gaining adoption globally. These bite-sized or small-ticket size products are amenable to digital delivery on platforms with substantial customer footfall.

Globally, players such as ZhongAn have seen immense success in achieving scale through bite-sized products. These products, which form a significant part of ZhongAn's portfolio, are primarily distributed through more than 300 ecosystem partners. The company has managed to build a customer base of more than 400 million with over 10 billion policies sold. One of its most popular products is the shipping return policy for e-commerce buyers, which accounts for nearly 40 percent of its revenues.

Exhibit 13 | Global and Indian Insurtech Innovators

Non-exhaustive, select examples

THEME	INNOVATION	GLOBAL PLAYERS	INDIAN PLAYERS
Product innovation for addressing niche segments, contextual and new age needs	• Bite-sized insurance catering to a very specific need or context • Products catering to niche segments and new age needs • Products that enable moving from protection to prevention • Parametric Insurance as means to insure against events that potentially lead to loss	• *BoughtByMany* • *Clover* • *Slice* • *Oscar* • *Vitality* • *Understory* • *Zego* • *ZhongAn*	• *Acko* • *Beat* • *One Assist* • *Kruzr* • *Toffee Insurance* • *Digit* • *TropoGo*
Offering of services and solutions **beyond Insurance**	• Value-added services offerings in addition to the core product • Ecosystem to become one-stop-shop for customers • Exploring B2B opportunities beyond insurance	• *Haven Life* • *Ping An* • *ZhongAn*	• *Symbo* • *Doc prime* • *CoverFox* • *Wellthy Therapeutics* • *Policybazaar*
Data driven innovation across the value chain	• New underwriting and pricing models by utilizing alternative sources of data • Leveraging data to drive insights across the value chain	• *Tarla* • *Metromile* • *Tractable* • *Nauto* • *Xceedance*	• *Cropin* • *Vymo* • *GOQii* • *Acko* • *Pentation Analytics* • *BeatO* • *Kruzr*
Technology driven **experience elevation**	• Reimagining journeys to enhance customer, channel and back-end processes	• *Ladder* • *Oscar* • *Sunday* • *Xceedance*	• *Turtlemint* • *i3 Systems* • *Remedinet* • *Toffee Insurance* • *Policybazaar* • *Gradatim* • *Vymo* • *Digit* • *Idfy*

Source: BCG Analysis.

In India, too, players such as Acko are pioneering innovative constructs. Acko has tied up with more than 20 digital platforms across retail, travel, finance, point-to-point delivery etc., to distribute bite-sized insurance. One such example was the ride insurance provided on Ola, through which 23 million rides were insured in less than ten months. Toffee Insurance, another Insurtech startup, has also come out with innovative bite-sized products such as Cycle theft insurance and Fitness insurance. Digit Insurance has come out with home content insurance to target people living on rent who want to protect their belongings and not the structure of the home.

The lower ticket size and end-to-end digital fulfilment of these products can help players reach out to newer segments and many first-time buyers of insurance, thus driving penetration.

Products catering to niche segments and new age needs

Changing lifestyles, diverse interests and increasing awareness of insurance are driving new age needs in insurance and several players have swiftly introduced products to cater to niche segments and needs.

For instance, Bought By Many provides pet insurance, Slice offers on-demand insurance for Airbnb hosts and WedSafe covers wedding cancellation and postponement. In India, Toffee, which offers products like 'Cycle protection' for cyclists and 'Mosquito insurance' to cover seven mosquito-borne diseases, and One Assist, which has introduced insurance for cyber threats, are examples of players catering to niche needs.

Several players have also introduced products to cover life, health and employment-related risks of workers associated with gig economies, an industry segment born from the digital wave. Zego Insurance of UK, providing insurance for scooter and car delivery drivers, managed to insure one-third of the country's food delivery market in just three years, mostly through partnerships with players like Deliveroo, Just Eat and Uber Eats. Similarly, in India, Acko offers Health & accident care coverage to delivery partners of Zomato.

Products that enable moving from protection to prevention

With the growing importance of holistic offerings, multiple players are adding a risk-prevention element to their offerings. This has benefits for both customers and insurers. Players are pursuing two key levers in product innovation to facilitate this shift:

- Offerings which enable customers to reduce risks

  Insurtechs provide holistic solutions to customers that help monitor and drive behavior towards lower risk. These include gym memberships, monitoring devices and many such offerings. Beyond monitoring, these offerings also enable timely interventions that can impact the wellness of customers.

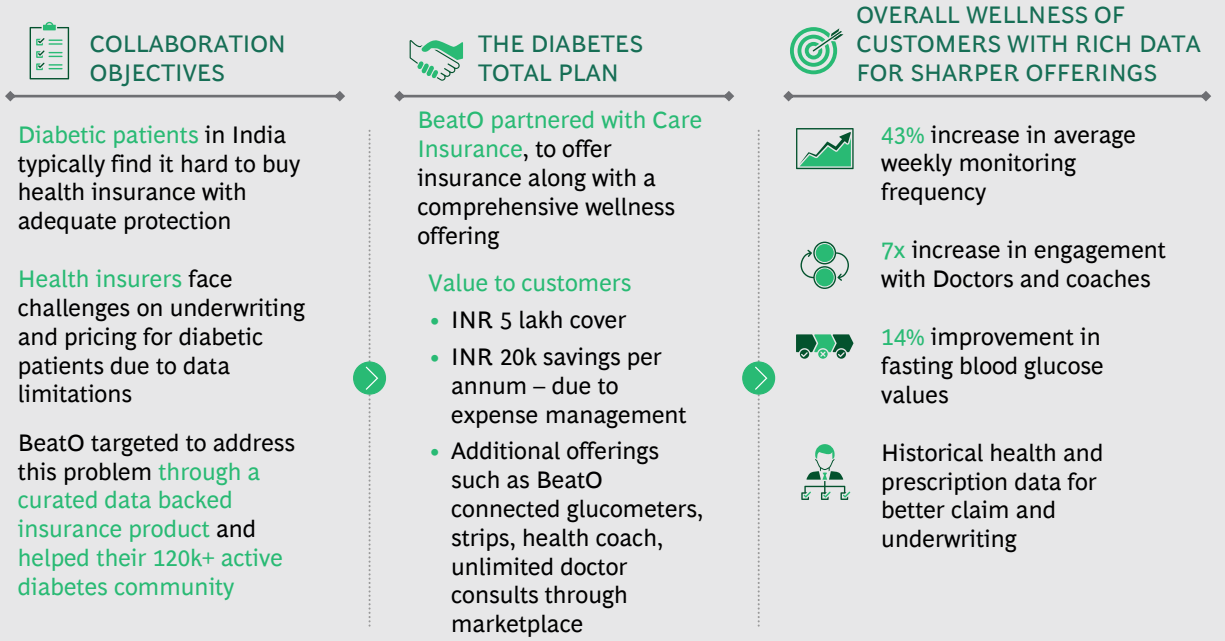
  Oscar Health is one such player that provides virtual care and prescription, in addition to health monitoring support for its customers. In the first year of launch, 17 percent of its customers used its telemedicine offering, which grew to 25 percent in the subsequent year. It also helps customers find doctors and other medical support in their locality, thus moving its offering towards enabling holistic wellness. Similarly, in India, BeatO offers a comprehensive wellness offering for diabetes patients with connected glucometers, strips, and unlimited doctor consults in addition to the insurance cover, as shown in Exhibit 14.

  Clover Health is taking such offerings a step further by providing genomic testing for medication management. It also has programs that focus on reducing hospital readmissions among the plan's most vulnerable members through a team of primary care physicians, nurses, social workers, medical assistants and care coordinators.

- Incentivization of low-risk behavior

  Players are also using reward and incentive mechanisms to drive customers towards lower-risk behavior. Such behavior-based incentives are established through

Exhibit 14 | BeatO partnered with Care Insurance to Combine Health Insurance with a Comprehensive Wellness Offering to Move from Protection to Prevention



Source: BeatO.

third-party services or devices such as fitness bands and telematics. Oscar Insurance offers Amazon rewards for reaching daily health goals, which are tracked using the Oscar App. Vitality is another player that has completely gamified daily activities to drive low-risk behavior.

Parametric insurance as a way to insure against events that potentially lead to loss

Parametric insurance, that use advancements in data capture and analytic capabilities to enhance predictive powers, is another innovation that is becoming popular with customers. The COVID-19 pandemic has further driven the importance of insurance against events that can impact business.

Currently, the most common use cases for parametric insurance include those related to natural disasters and weather conditions. Understory is one such Insurtech that provides parametric insurance for weather-dependent businesses. Its weather sensor captures 125,000 weather metrics per second, allowing it to assess and price weather risks accurately and fairly.

Services and Solutions Beyond Insurance

Changing preferences and increasing digital adoption are driving the need for insurers to provide holistic offerings and drive higher engagement across the customer lifecycle. Players are also tapping into opportunities to offer niche solutions and services to other businesses. Both these trends are aiding the emergence of ecosystems.

Value-added services for customers

Insurers are finding customer engagement can be improved by extending complementary services. For example, Haven Life provides additional services such as will creation and document vault for its customers as a part of its Haven Life Plus offering. Hippo has expanded its offering to provide a home maintenance platform along with home insurance.

Creating an ecosystem to become a one-stop-shop for customers

The last few years have seen the emergence of multiple digital ecosystems, such as Ping An, Jio, Alibaba, etc. Ping An is a prime example of evolution to a one-stop-shop. Through its Golden Housekeeper App, which has over 200 million users, it allows customers to access a wide range of offerings such as financial services, health, auto and real estate related products, as well as its rewards program.

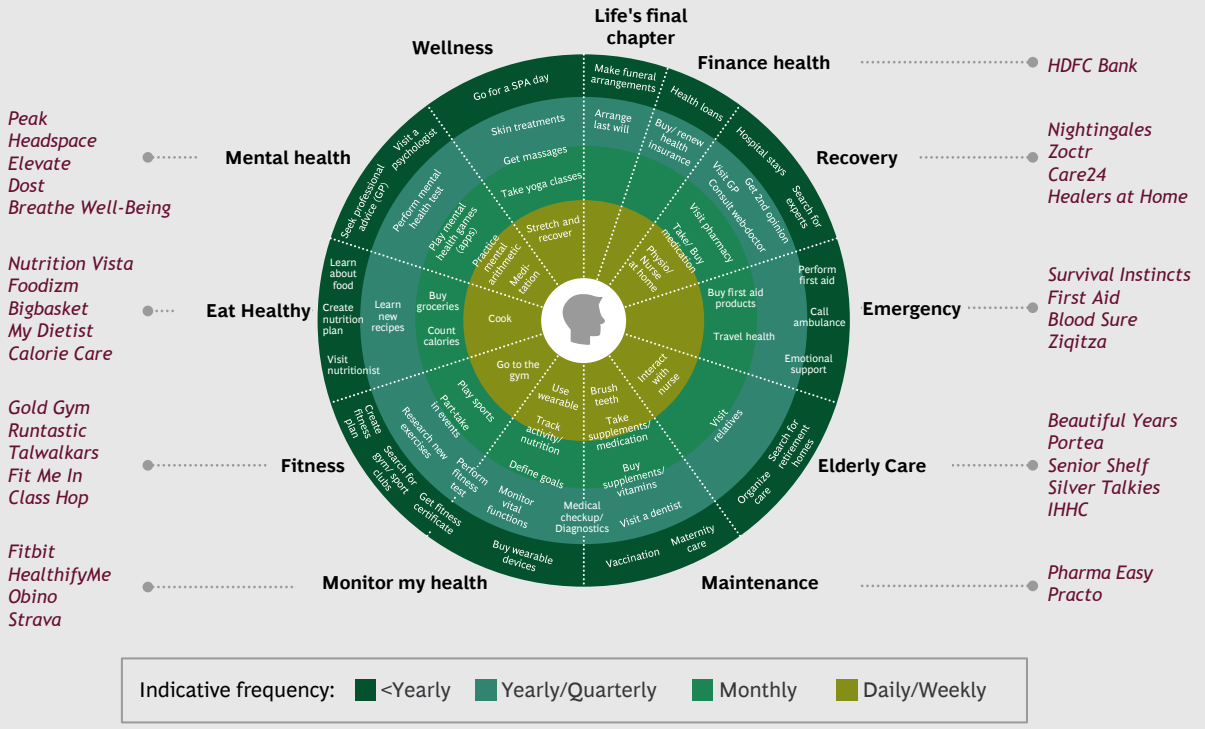
In India, PayTM is building an ecosystem for its customers. In addition to payments, they have a host of additional offerings such as e-commerce, mutual funds, insurance and other such services. Access to all services on one platform helps drive customer stickiness. Further, such ecosystems facilitate the capture of rich data regarding customer behavior and transactions, enabling personalized campaigns and targeted offerings. Exhibit 15 gives a view on how a potential health ecosystem would look like. The ecosystem contains a host of different players providing multitude of services like monitoring physical health, financial health, mental health, fitness and wellness subscriptions, diet recommendations etc. A potential proposition to customers would be to become a one stop shop for a majority of these services.

Extending capabilities to other participants

Insurtechs are building niche capabilities in the process of developing innovative offerings and helping accelerate this process by extending solutions to industry participants for key capabilities.

Such capabilities are offered as out-of-the-box modular solutions that help the customers attain a faster time to market. Ping An has extended its facial recognition technology to multiple players and industries. In India, players such as Symbo are extending key capabilities to other players. Symbo's POS (Point of Sale) platform for both web and mobile provides a capability to efficiently recruit, onboard and empower agents to sell insurance and seamlessly service their clients., Symbo extends this capabiltiy to insurers in a white-labelled and customizable manner. One such example is the collaboration of Symbo with Cholamandalam MS, details of which are provided in Exhibit 16.

Exhibit 15 | Potential Health Ecosystem



Source: BCG Analysis.

Exhibit 16 | Chola MS Partnered with SYMBO to Empower Its 10k+ Agents Using Digital And Data Driven Solutions

CHOLA MS OBJECTIVES

E2E digitization of distribution channels with 10k+ agents

Quick paperless digital recruiting and onboarding

Centralized data control

WHY SYMBO

Out-of-the box recruitment and onboarding product

Experienced operator in Insurance

Quick implementation with limited customizations

THE COLLABORATION JOURNEY

Digitized and scaled Chola MS's agent recruitment across multiple business lines

Creation of analytics platform to monitor and drive decisions down to the last mile

Successful deployment within weeks

Continued collaboration to add features such as gamification, rewards, renewals and deeper analytics

THE SYMBO IMPACT

70% reduction in onboarding time

Improved sales cycle time and training hours

Error-free onboarding process (< 5% error rate)

Improved sales target achievement

Source: Cholamandalam MS.

Data-driven Innovations Across the Value Chain

The advancement of key tech capabilities such as IoT and Big data analytics has resulted in Insurtech players acquiring a large amount of data and having availability of huge computing power. They are leveraging these capabilities to drive innovation and insights across the value chain.

Sharper pricing and underwriting models leveraging rich sources of data

The last few years have seen an increased adoption of richer and alternate data sources to drive innovation in underwriting and pricing in insurance. Insurtechs have also built capabilities to underwrite underpenetrated segments such as crop, property etc., driven by building rich data repositories and the advancement of predictive models.

CropIn is an Indian player enabling such assessment for crop insurance, and has covered over 2 million farmers and over 6 million acres of farmland across 52 countries. It processes farm-related information by combining machine learning, satellite monitoring and weather analytics to provide customized reports and information that is used by insurance firms. Another global player with a similar offering is Tarla, which has developed sophisticated risk assessment models that indicate the risk level of the underlying geography, helping assess climate risks and impact on agriculture output.

Players are also using data analytics to introduce entirely new pricing models such as pricing based on usage patterns as captured by sensor data. For instance, players like Metromile offer nuanced pricing options based on sensor data. Exhibit 17 details one such pricing option offered by Kruzr in Europe.

Leveraging analytics to drive insights across the value chain

Insurtechs are also leveraging data and analytics capabilities to drive innovation and excellence across the value chain, including activities such as marketing, acquisition, claims, etc. Personalization has become a critical capability in digital marketing. Players such as Mantra Labs have built AI-driven capabilities to maximize conversion across the sales funnel. They leverage analytics to prioritize leads and to allocate leads to the most suited sales team member.

Exhibit 17 | KRUZR Partnered with Major European Insurer to Enable Usage and Behavior-Based Pricing

Collaboration objectives for insurer

- Major EU Insurer with more than half a million motor policies sold across the EU
- Insurer wanted to offer usage and behavior-based policies
- Reduce current combined ratio of 130% in the commercial portfolio
- Create personalized policy offerings, better engagement with customers based on data

KRUZR offering

- Telematics solution to create contextual risk score for customers based on driving behavior
- Risk score used in accurate risk and pricing models
- Enables creation of personalized policies

The collaboration journey

- Co-creation: MVP created with actuarial and underwriting teams
- POC : Pre-selected special business clients and internal teams at the company for POC

The KRUZR impact

- First in the country to offer usage and behavior-based policies
- 10% improvement in the combined ratio
- POC execution within 6 weeks of initial discussion
- First telemetry project within the insurer

Source: KRUZR.

Players are also building nuanced capabilities for driving higher excellence in claims assessment and fraud detection. Tractable is one such example that uses artificial intelligence and machine learning capabilities to assess claims basis images of a damaged car or a medical report. Another example is Shift Technology, which uses AI, big data, and machine learning to identify behavioral patterns by fraudulent claimants. These insights are extended to other insurance players. Reports suggest that Shift has been able to uncover 75 percent of fraud cases compared to the industry average of 30-35 percent.

Enhancing Customer, Channel Partner and Employee Experience

Another key shift in the insurance industry has been the focus on improved experience across all key stakeholders. The last few years have seen multiple innovations to reimagine journeys.

Some of the key examples are as below:

- GramCover has created a mobile-based platform to enable seamless customer onboarding in rural India through village-level entrepreneurs, social impact organizations, financial inclusion agencies and foundations.
- TurtleMint has developed a sales assistant app that simplifies lead management and enables paperless issuance to improve productivity.
- Oscar health has created an intuitive, easy to use platform for booking doctor appointments, and 43 percent of customers' first visit to the doctor are routed through their platform.
- Xceedance has created a cloud-based technology platform to automate core processes related to policy issuance, renewals and customer service as shown in Exhibit 18.

WHILE this section covered select examples of innovation driven by Insurtechs, many other Insurtechs are driving a wide range of innovations in the industry. Players that have stayed the course have disrupted and transformed the industry over the last few years. It is critical that Insurtechs identify opportunities and build the right capabilities and partnerships to drive further innovation.

EXHIBIT 18 | Xceedance Supported a Prominent Australian MGA to Deploy a Tailored, Advisor-Driven, Digital Sales and Service Engine

Source: Xceedance.
[1] Managing General Agent (MGA) is a wholesale broker operating on the insurer's behalf while working with customers to attend to their needs.

COLLABORATION BETWEEN INSURERS AND INSURTECHS

IT IS BECOMING CLEAR that insurers and Insurtechs will co-exist as important components of the insurance industry. With that context, both camps are welcoming collaboration to offset respective challenges and generate synergies from their core capabilities. In the last few years, several successful collaborations were forged to drive operational synergies and boost value for customers. In this section, we look at the models for collaboration and the key outcomes achieved.

Collaboration Enables Countering Intrinsic Challenges in the Industry

Most traditional insurers face the challenge of legacy technology and data systems, and siloed data. Complicated internal processes further hamper the speed of innovation and transformation. Insurtechs, with their technology-first approach and agile ways of working, enable insurers to overcome some of these challenges through collaboration.

For Insurtechs, collaboration with insurers can get them much closer access to customers and actual on-ground realities, to test, tweak and improve offerings. An insurer's scale also allows an Insurtech to achieve faster time to market and, consequently, faster scaleup. Collaboration also provides both camps access to a wider range of financial and organizational resources to drive synergies.

Models of Collaboration

Insurers and Insurtechs can collaborate through five different models. Each option has its own advantages, and the selection depends on the priorities of both collaborators. The different models along with examples are shown in Exhibit 19.

Collaboration Enables Creation of Innovative Products, Enhanced Capabilities, and New Engagement Channels

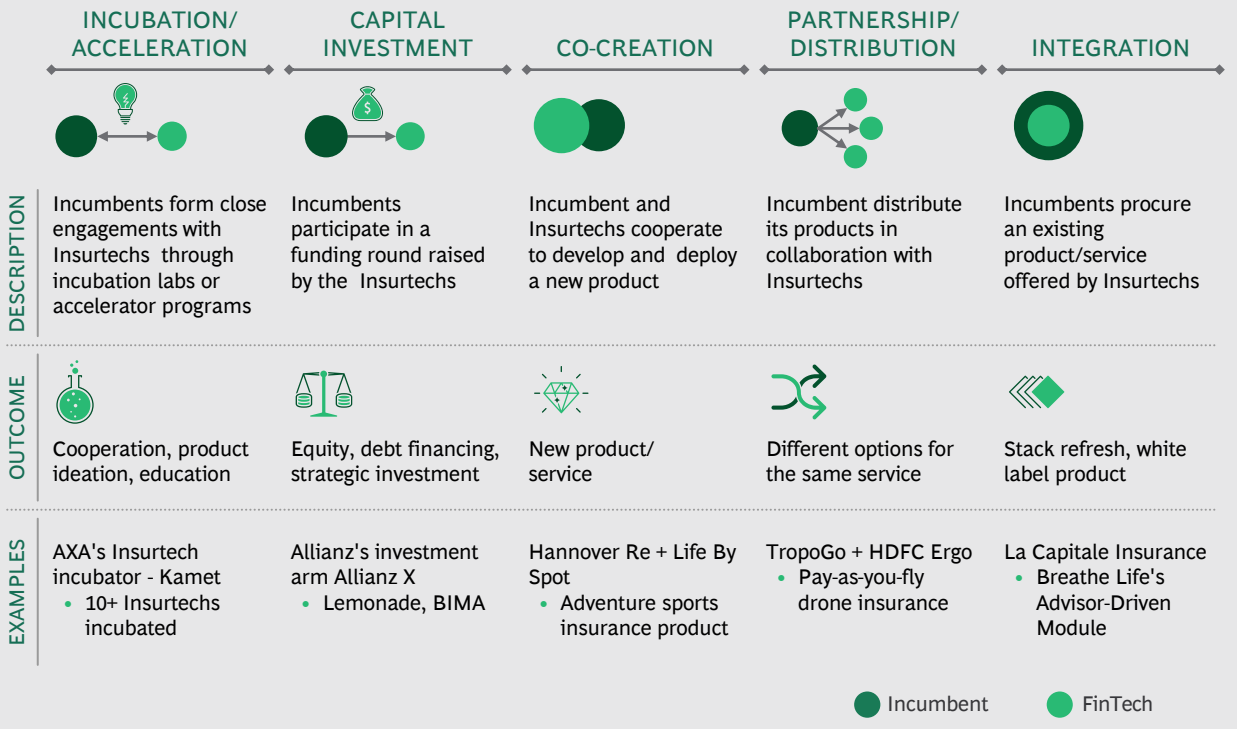
Insurers across the globe have collaborated with Insurtechs under various operating models to achieve three key outcomes: new offerings, improved capabilities and better customer engagement.

NEW PRODUCTS AND SERVICES

With the growing importance of innovative product constructs and offerings, insurers and Insurtechs can come together to strive further for the customer. The niche expertise of Insurtechs and the distribution capability of insurers can provide a robust recipe for success.

In 2017, Zurich Insurance, Switzerland's largest insurer, collaborated with Laka Insurance, a London based Insurtech, to sell bicycle insurance to cyclists. Cycling was a growing phenomenon in the UK, with quarterly cycle sales jumping from GBP 267 million to GBP 374 million in two years. They capitalized on

Exhibit 19 | Collaboration Models Between Insurers and Insurtechs



Source: BCG/Expand FinTech Control Tower.
Note: Additional examples in Exhibit 20.

the growing numbers of cyclists by co-creating a peer-to-peer cycle insurance product, with Laka positioning itself as a cycle wellness partner. The key differentiators for this product were cohort-based pricing of premiums, payment of premium only in the event of claims in the pack, and processing even the smallest claims. The collaboration is paying off, with Laka notching up an annual premium run rate of more than one million GBP and a 99 percent retention rate.

In addition to new products, collaboration can also enable unique service value propositions. For example, Generali Hong Kong partnered with Blink, an Irish Insurtech, for an end-to-end automated system for purchasing insurance and raising, processing, and disbursing claims. It tracks flight disruptions and proactively offers lounge access, hotel stays, and new bookings based on the situation, thereby offering a strong service proposition to customers.

Similarly, in India, Bajaj Allianz partnered with Toffee Insurance to launch mosquito insurance, recognizing the highly endemic nature of diseases like malaria and dengue in India, and thus tapping into a specific market.

Enhancing capabilities

Insurers and Insurtechs can come together to enhance critical capabilities, as shown in Exhibit 20. One such area is better fraud detection capabilities. The partnership between CNA Insurance, one of the largest commercial insurers in the USA, and Shift Technologies, an Insurtech specializing in fraud detection, is one such example. Shift's proprietary tool, Force, helps CNA predict fraud better and assists in fraud investigation by employing tools like social media activity analysis. Shift Technologies also gets access to rich data to refine and improve its offering continuously.

There are similar examples in India's sales and distribution space, like the Chola MS-Symbo partnership or the SBI Life-Vymo partnership. Vymo enabled more than 10,000 SBI Life advisors with data-driven and cloud-based salesforce enhancement solutions. The partnership has already helped SBI Life notch a 15 percent increase in revenue generated per sales representative.

Exhibit 20 | Insurer-Insurtech Collaborations Leading to Industry Innovation

Non-exhaustive, select examples

AUTOMATED TRAVEL INSURANCE	COUNTRY-FIRST BICYCLE INSURANCE	MOSQUITO INSURANCE	TRANSFORMING 10K STRONG SALES CHANNEL	AI-DRIVEN HEALTH INTERVENTIONS
Blink, Generali	***Zurich, Laka***	***Toffee Insurance, Bajaj Allianz***	***SBI Life, VYMO***	***Clover, Cathay Life***
Best-in-class automated travel insurance <3 minutes AI-based claims processing	Innovative P2P bicycle insurance **£1M+** annual premiums; **99%** retention rate Growing market: **35M+** cyclists	7 major mosquito-borne diseases covered Large untapped market India accounts for: 35% of dengue cases 10% of malaria cases	Digital transformation of SBI Life's sales channels **2x increase** in sales channel activities **15%** increase in revenue per sales rep	Improved health outcomes for Cathay customers **85%+** prediction accuracy of Clover's platform
Benefits	Benefits	Benefits	Benefits	Benefits
Blink: International product scaleup **Generali:** Industry differentiated product	**Laka:** Strong industry partnership **Zurich:** Niche market penetration	**Toffee:** Expanding customer base **Bajaj Allianz:** Growing market entry	**Vymo:** Big brand partnership **SBI Life:** Future-ready salesforce	**Clover:** Global expansion **Cathay Life:** Improved predictions

Source: BCG/Expand FinTech Control Tower; BCG Analysis.

New engagement channels

The industry is constantly exploring ways to engage better with customers. There are multiple examples of insurers and Insurtechs coming together to launch innovative engagement offerings. One such example is 'One Coach', a lifestyle coach jointly deployed by Munich Re and ONE Insurance. It incentivizes customers to undertake healthier life choices by displaying how their lifestyle decisions change their risk rating (and consequently premiums). Munich Re also gets to leverage the data from the app to improve its underwriting and pricing.

The YuLife - AIG partnership takes this a step ahead and rewards good behavior with virtual money on YuLife's app, which can then be used for shopping vouchers / other benefits. With this proposition of encouraging healthy behavior, AIG can engage with its potential customers in a much more holistic manner.

Nationwide Insurance and Cambridge Mobile Telematics have also collaborated to promote safe driving among its customers using their driving behavior tracking tool SmartRide. Enabled by the Insurtech's innovation, Nationwide is providing insights to drivers on distracted driving by using motion sensing and behavioral science, thus deepening its engagement with customers.

KEY IMPLICATIONS FOR STAKEHOLDERS

THE KEY SHIFTS AND trends in the industry are driving innovation by all players. As we look ahead, all key stakeholders—insurers, Insurtechs and regulators—will have to come together to ensure the best experience for the customer and thereby ensure success for the industry. There are some clear implications for each of the stakeholders for driving collaboration and transformation.

Insurers

- **Pick the right use cases:** Insurers need to identify the key use cases that can have major business impact. Insurers need to put in the appropriate capabilities and resources to enable success.

- **Enable Insurtechs to scale up with access to resources and key issues impacting the industry:** Insurtechs can benefit significantly through access to actual problems faced by the industry. Insurers, through their scale, can provide such access. With the right governance and appropriate evaluation of proposed solutions, insurers can support Insurtechs to solve the key industry problems and enable faster time to pilot and scaleup.

- **Identification of right collaboration models:** Insurers can identify the best model basis the intended outcome with the appropriate governance in place. Initiatives such as incubation cells have been successful across the world for both parties.

- **Pushing for customer-centric innovation:** Given the key shifts in the industry, insurers, as the incumbents, should ensure a continuous focus on customer benefits and experience. This can help drive the transformation process in the right direction.

Insurtechs

- **Identifying key opportunities in the industry:** Insurtechs should be on the lookout for key challenges and value pools in the market which they can serve best. For example, under-penetrated segments like crop insurance and property insurance are attractive opportunities that Insurtechs can address. The key to obtaining a strong market position would be to differentiate by providing better customer experience, alternate distribution channels or finding an area of focus and becoming the leader in it.

- **Ensure a continuous pipeline of ideas:** Insurtechs should have a continuous pipeline of ideas. The 'treadmill' approach can enable faster pilots to gain feedback from customers and other participants.

- **Build for scale with a digital-first mindset leveraging data and analytics:** A key advantage for Insurtechs is that they are not constrained by legacy technology architecture. While building their propositions, Insurtechs should continue to focus on the long-term goal and accordingly build the organization, processes and data and technology capabilities.

- **Actively collaborating with insurers:** Insurtechs should actively seek opportunities to partner with insurers. While Insurtechs can demonstrate early proof of success through faster time to market, the insurer can utilize its reach to expand access to customers. Insurtechs should also try to build modular solutions for future extensions to the industry.

Regulator

Regulatory enablers for collaboration between insurers and Insurtechs

- **Facilitate collaboration between Insurers and Insurtechs:** Various models of collaboration have been mentioned in this report. To boost innovation in the mainstream, regulators could facilitate seamless processes for any of these models.

- **Consider allowing more than 10 percent equity acquisition, especially in startups:** In most countries, equity acquisition by insurers in domestic Insurtechs or other startups have no specific restrictions. This facilitates hassle-free collaboration between incumbent insurers and Insurtechs.

- **Allow insurers to set up subsidiaries and JVs:** Insurers can form subsidiaries and joint venture companies in most countries. This enables them to set up special purpose vehicles to focus on specific products, customer segments or specific activities in the insurance value chain.

Encourage product and process innovation across the value chain

- **Streamline product approval process constructs:** A streamlined product approval process can encourage players to introduce new product constructs and enable faster time to market, thus benefiting the insurer, the Insurtech as well as the customers who get access to diverse options.

- **Encourage the use of new data sources:** Improved regulatory flexibility with respect to usage of new data sources and analytics will significantly benefit Indian insurers and Insurtechs in improving their value propositions and enabling sharper pricing and underwriting.

- **Facilitate insurers to provide value-added services:** Globally, insurers have started offering services like incentivized wellness for health insurance, which mitigates customer risks and helps insurer's profitability. Regulatory relaxations like allowing accounting of third-party service charges as fees and changes related to solvency requirements from such services can provide the necessary flexibility to insurers to offer value-added services.

- **Building on the Regulatory Sandbox:** The Indian insurance regulatory sandbox is at par with the best practices in the world for an early-stage initiative. It is important that the mechanism is taken forward in the right direction by providing the requisite support and guidance to the industry to utilize its potential fully. For example, introducing a Global Sandbox platform for cross-border testing or joining a global network such as the Global Financial Innovation Network (GFIN) led by the UK, can help the global expansion of domestic innovations.

- **Encourage and enable a "state of the art" mindset:** Regulators and government bodies can facilitate a shift in mindset in the industry from being precedents to becoming the state of the art in innovation through a progressive policy framework.

Conclusion

The insurance industry is in the midst of a transformation with changing customer pref-

erences and the growing importance of digital. Insurtechs are forcing the debate "Is the insurance industry about insurers leveraging technology? Or about tech companies offering insurance?". The answer is immaterial—the debate and actions are more important. In Buddha's words, "It is better to travel well than arrive". It is critical now for the insurers, Insurtechs and the regulator to come together to enable the transformation so that the ultimate winners will be the end consumers.

APPENDIX

India Insurtech Association Members

NAME	INDIA HQ	YEAR OF ESTABLISHMENT	ABOUT	OFFERING	CONTACT
Arya.AI	1102, K.P. Aurum, Marol, Mumbai, 400072	2013	Arya.ai is an Insurtech offering low to no-code AI operating platform for insurers to augment core insurance operations	Context: Smart and interconnected operating systems lead to greater value unlock for insurers Offering: Arya.ai offers a low code 'AI Operating Platform' for insurers with plug and play AI modules to expedite the adoption of autonomous AI across the organization	vinay@arya.ai deekshith@arya.ai
Aureus Analytics Pvt Ltd	Ground Floor, Fleet House, Marol, Mumbai, 400059	2013	Aureus Analytics is a customer intelligence and experience company enabling insurers to deliver a superior customer experience	Context: Insurers face challenges with understanding their customers' real-time sentiment and taking proactive actions Offering: Aureus provides 'SentiMeter' which uses deep text analytics and AI to measure customer experience in real-time for timely intervention	ashish@aureusanalytics.com prerana@aureusanalytics.com
BeatO	A-09, FIEE Complex, Okhla Industrial Area, Phase II, New Delhi, 110020	2015	BeatO is a full-stack digital health platform for managing lifestyle-related chronic conditions powered by AI	Context: Insurers lack health data needed to refine underwriting and pricing approach for people with chronic conditions like diabetes Offering: BeatO offers a combined health insurance product with a comprehensive digital health ecosystem which helps insurance companies target new customer segments and drive higher engagement.	contact@beatoapp.com gautam@beatoapp.com
CamCom Technology Pvt. Ltd	136, 3rd Cross, 3rd Main, Dollars Colony, J.P Nagar Phase 4, Bangalore, 560078	2017	CamCom offers AI solutions for defect and damage assessment in motor claims and underwriting	Context: Inspections in motor claims is a human-intensive process and subject to error and fraud Offering: CamCom provides AI-enabled defect and damage assessment of an automobile using images of the vehicle, assigns a severity score and suggests if the part can be repaired or replaced	mahesh.s@camcom.ai

Source: India Insurtech Association.

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Floatboat, Inc	1607 Stone Road, Durham, NC 27703, USA	2017	Floatboat Inc is a conversational AI suite provider for Insurers, Brokers and Agents	Context: Share of digital sales in insurance is growing which necessitates improved customer experience Offering: Floatboat offers patented conversational AI platform, AI-based need-analyzer, personalized recommendation engine and Robo-advisory module for enhanced customer engagement	connect@floatboat.ai jimmy.padia@floatbot.ai
InsurePays	Casa Rouge Jubilee Gardens, Kondapur, Hyderabad, 500084	2019	InsurePays is a digital platform for insurance consumers that offers rewards for timely insurance premium payment	Context: There is scope for further improving persistency ratios Offering: Insurepays provides a platform for advisors, brands and insurers to interact with customers more profoundly and rewards policyholders for timely payment of premiums	hello@insurepays.com
Kruzr Technology Solutions	1600 Duane AveSanta Clara, CA 95054	2016	Kruzr is a technology platform which leverages the power of smartphones to make driving safer and	Context: Motor insurers lose over $ 180 Billion every year in accidents that are preventable through real-time driver guidance Offering: Kruzr platform identifies the critical risks the drivers face in real-time and makes it actionable in the form of driver assistance and meaningful insights for insurers	pallav@kruzr.co
Nvest Solution	414, Lodha Supremus II, Road No 22, Thane (W)	2015	Nvest builds core applications across the insurance value chain focusing on product configuration and advanced advisory modules	Context: There is a need for technology platforms to facilitate product innovation Offering: Nvest provides a comprehensive benefits illustration system with advanced sales modules and a powerful configuration engine that can handle multiple products of varying complexities	gopesh.modi@nvest.in
Onsurity Technologies Pvt. Ltd.	212, Clestic Tower, Green Glen Layout, Bellandur, Bengaluru, 560103	2019	Onsurity is an employee benefits company providing healthcare membership to MSMEs / Start-ups	Context: There is a lack of employee health and wellness solutions for SMEs in India Offering: Onsurity makes employee healthcare benefits accessible to all with a tech-based platform simplifying purchase, instant enrolment, employer dashboards and employee app	yogesh@onsurity.com kulin@onsurity.com founders@onsurity.com
Perilwise	3/2 'D' Brahmin Street, Karambakkam, Porur, Chennai ,600116	2016	Perilwise is an online platform providing personal and commercial insurance solutions	Context: Insurers' tech solutions operate in silos and can have potential inefficiency for distributors offering multiple plans from different companies Offering: Perilwise offers CoverBase, which is a comprehensive platform for retail insurance products, that allows intermediaries to issue policies online, manage finances, reporting and reconciliation.	sunil@perilwise.tech; avinash@perilwise.tech

Source: India Insurtech Association.

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Protect Me Well	37/E, 2nd Floor, South end road, Basavanagudi, Bangalore, 560004	2020	ProtectMeWell is a comprehensive need analyzer designed for both buyers and sellers of insurance	Context: Buyers don't know their insurance needs and agents require sharper tools to perform need analysis to suggest the right insurance product Offering: Protect Me Well offers a high-tech online need analyzer that provides customized insurance advisory services across insurance product lines to individuals based on their profile	sumit@ protectmewell.com
RIA Insurance	New Delhi	2019	RIA delivers a personalized insurance experience for customers and helps them improve their health	Context: There is a need for higher customer engagement when moving from risk protection to risk prevention Offering: Ria offers a data-driven platform which enables customers to actively manage their health supported by an integrated care platform, an ecosystem of care partners and underlying health data platform	prerak.sethi@ria.insure
Symbo Insurance	D- 310, Kanakia Zillion, LBS Marg, BKC Annexe, Mumbai, 400070	2017	Symbo provides a suite of front-end distribution platform solutions catering to the entire insurance customer journey	Context: There is a growing importance of bionic distribution to drive higher productivity and efficiency Offering: Symbo provides white-label digital solutions for Point of Sales and a platform as a service which can be both configured and customized according to various use-cases	support@ symboinsurance.com
TropoGo	175 & 176, Dollars Colony, JP Nagar, Bannerghatta Main Road, Bangalore, 560076	2019	TropoGo is a deep tech startup focused on building an integrated and smart ecosystem for drones.	Context: Underwriting of nuanced risks is a nascent skill Offering: Tropogo offers TropoGo-Dash - an integrated risk management platform providing insurers with actionable insights to price risk effectively and detect fraudulent claims in drone insurance	WoW@TropoGo.com
Xceedance	Building 6, 4th Floor, Candor Tech Space, Sector 48, Gurgaon, 122018	2013	Xceedance is a global provider of insurance consulting, managed services, technology, data sciences, and blockchain solutions.	Context: Cutting-edge technology, advanced analytics and process optimization deliver significant enhancements across the insurance value chain. Offering: Xceedance supports insurers in the process of delivering strategic operations support, which includes resources and capabilities in process optimization, technology transformation and digital enablement	raunaq.kalia@ xceedance.com madhu.balakrishnan@ xceedance.com

Source: India Insurtech Association.

FOR FURTHER READING

Boston Consulting Group publishes reports and articles on related topics that may be of interest to senior executives. Recent examples include:

What Forward-Looking Insurers Are Focusing On Now
An article by Boston Consulting Group, May 2020

Climate Should Not Be the Virus's Next Victim
An article by Boston Consulting Group, May 2020

The Building Blocks of Bionic Distribution in Insurance:
An article by Boston Consulting Group, July 2020

An FAQ for European Insurers in the Downturn
An article by Boston Consulting Group, August 2020

Insurers Take Up the Climate Fight
An article by Boston Consulting Group, August 2020

Hybrid Work Is the New Remote Work:
An article by Boston Consulting Group, September 2020

The Evolving State of Digital Transformation:
An article by Boston Consulting Group, September 2020

Global Payments 2020: Fast Forward into the Future:
A report by SWIFT and Boston Consulting Group, October 2020

Flipping the Odds of Digital Transformation Success
A report by Boston Consulting Group, October 2020

Advisors Still Matter to Life Insurance Customers
A report by LIMRA and Boston Consulting Group, November 2020

NOTE TO THE READER

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