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INSURTECHS IN 2020

A Perspective From The German Market

The Long Version - More Than A Snapshot

Wolf S. Becke, Hamburg
www.becke-consulting.com

OVERVIEW

- 1 Investments into InsurTechs on a Global Scale
- 2 German InsurTechs – The Evolution Over The Last Ten Years (or so)
- 3 Friendsurance, Coya, and Actioneo: Three Remarkable German InsurTechs
- 4 Corona Virus - The Impact on German InsurTechs
- 5 Where Do We Go From Here? – An Outlook

INVESTMENTS INTO INSURTECHS - A GROWING BUSINESS ON A WORLDWIDE SCALE

 USD 2bn invested worldwide in Q4/2019 – an all-time high, about 34% of all InsurTech investments ever done

 Focus on digital distribution models, particularly in P&C, to provide insurance covers more efficiently to consumers and SMEs

 Asia: InsurTechs as part of holistic eco-systems (e.g. Ping An, China)

 Signs of reduced funding for seed capital

 Mid- and later stage InsurTechs are pressed to develop a sustainable business model and a clear path to profitability

HOW TO DEFINE A ‚STARTUP ENTERPRISE‘ ? THE COMMON DEFINITION USED IN GERMANY

Three required cornerstones

1

Younger than
10 years
since origin

2

Growth-oriented
in terms of
employees/sales

3

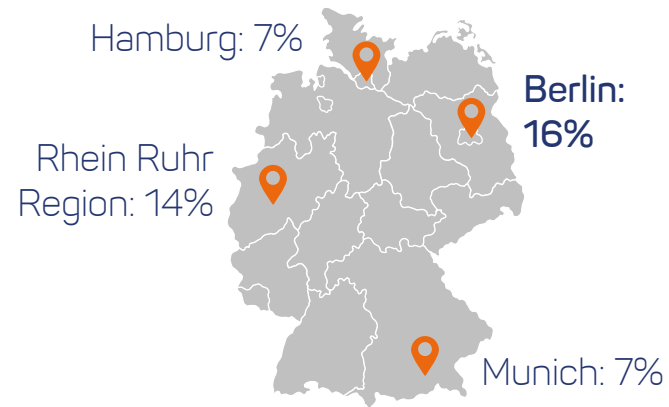
Innovative in terms of
product/service, business
model or technology

GERMAN STARTUP ECO-SYSTEM IN 2019 - KEY CHARACTERISTICS AND DATA

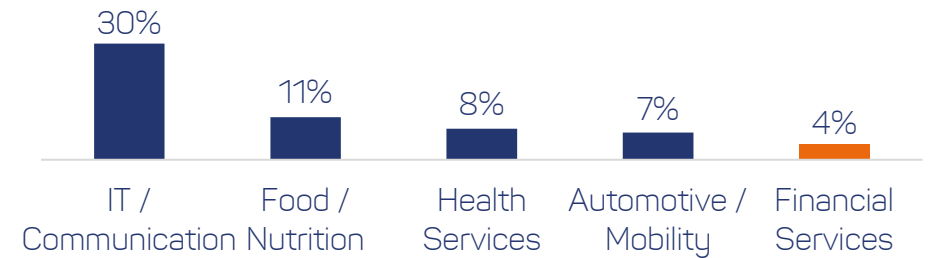
Universe

-  1,933 Enterprises
-  4,707 Founders
-  24,050 Employees

Key Locations



Lines of Business



Customer Base

- B2B: 68%
- B2C: 28%
- B2G: 4%

Other Salient Data

- Av age: 2.4 years
- Av # staff: 13.3 FTE
- Av # founders: 2.4

Business Model

- SaaS (Applied IT): 23%
- OnLine platform: 17%
- IT Development: 12%
- OnLine Sales: 9%

Source: German StartUp Monitor (DSM) 2019, published by Bundesverband Deutsche StartUps e.V., Berlin

THE RAISON D'ÊTRE : WHY SHOULD GERMAN INSURTECHS BE THERE?

 **Insurance** in Germany traditionally considered as intransparent, customer-unfriendly business, associated with ‚fear-based‘ sales techniques

 Coupled with a **long value chain** from acquisition, underwriting, policy issuance, administration and claims/maturity handling

 With continuously improving data collection/evaluation and AI mechanisms, new players can pick certain ‚sweet spots‘ of the value chain to **disrupt standard approaches**

 Focus on customer base: **Millenials/internet-leaning adults to age 40**, using app as first touch-point

THREE KEY ARENAS OF FOCUS AND ACTIVITIES



Insurance Proposition



Product arena

Distribution of Insurance Products



Front Office

Insurance Operations



Middle/Back Office

INSIGHTS : THREE REMARKABLE INSURTECH STARTUPS IN GERMANY

Caution: A Highly Subjective Selection

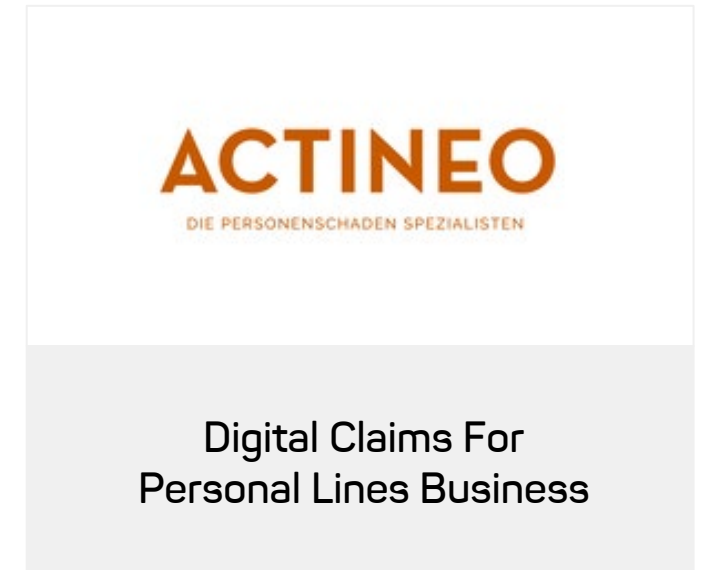
Friendsurance, Berlin



Coya, Berlin



Actineo, Cologne



SCALEUP: FRIENDSURANCE, BERLIN - THE DIGITAL INSURANCE BROKER (1/3)

A. Company Profile



Date & Place of Origin:

2010 in Berlin; now 90 FTEs

Mandate:

„Brokerage“ from customers

Business Model:

„Going back to the root of insurance - families, village communities“

Business Lines:

homeowners, private liability, legal protection, motor, e-tools

Format:

licensed insurance broker; admin mandate from insurers (MGA)

Customer base:

150.000, cooperation with 150 insurers

SCALEUP: FRIENDSURANCE, BERLIN - THE DIGITAL INSURANCE BROKER (2/3)

A. Company Profile



B. The Twist : Creating new insurance pools under a ‚peer-to-peer‘ concept

Risk approach:

With entry of a new risk, screening existing risk/policy distribution to identify similar risk profiles

Statement:

‚Claims-free bonus offers positive incentives against insurance fraud‘

Pool creation:

10 - 12 members, allowing for an annual no-claims bonus (Schadensfrei-Bonus)

Bonus data 2017:

more than 80% of policyholders receive bonus, typically 30% of premiums paid

Premium split:

60% forwarded to insurer; 40% distribution and admin expenses as well as to settle ‚small claims‘

SCALEUP: FRIENDSURANCE, BERLIN - THE DIGITAL INSURANCE BROKER (3/3)

A. Company Profile

B. The Twist : Creating new insurance pools under a ‚peer-to-peer‘ concept

C: The Financials : Investors and Financial Data



Initial investment:

2011 four founders owned 48%, supported by ten private investors (52%)

Major VC owners in 2020:

Horizon Ventures (Li Ka-Shing Group, HK);
e.ventures

Early stage VC in 2012 & 2014, later stage VC in 2016:

injection of USD 15.3 mio.

Balance Sheet Data (HGB) as of 31 Dec 2018:

Capital injected EUR 23.1 mio.; Accumulated loss carried forward EUR 20.8 mio.; operating result in 2018: minus EUR 0.7 mio.

SCALEUP: COYA, BERLIN - THE FULLY-LICENSED DIGITAL INSURER (1/3)

A: Company Profile



Date and Place of Origin:

2016 in Berlin, as stock company; now 75 FTEs from 20 countries

Business Model:

primarily B2C but expanding to B2B2C with selected insurers

Format:

BaFin-licensed insurer, non-life license issued in mid-2018

Business lines:

Home Contents, Private Liability, Dog Liability, Bike Theft, eBike Theft and various short-term 'Insurance on Demand' covers - hourly/daily insurance for your drone or surf board

Current customer/policyholder base: ?

(a five-digit number in mid-2019')

SCALEUP: COYA, BERLIN - THE FULLY-LICENSED DIGITAL INSURER (2/3)

A: Company Profile



B: The Twist - Join the Future of Insurance

“ ‘We’ve cut out the brokers’

“ ‘We are building a personal guardian for the things you love and love doing’

“ ‘Forget all paperwork’

“ ‘This planet belongs to all of us. But not your data.’ - Corporate Data Security Commitment: Our servers are located in Germany and fully comply with European DSGVO requirements

SCALEUP: COYA, BERLIN - THE FULLY-LICENSED DIGITAL INSURER (3/3)



A: Company Profile

B: The Twist - Join the Future of Insurance

C: The Financials : Investors and Financial Data

Ownership:

mainly VCs like La Famiglia, VALAR (Peter Thiel), e.ventures

Seed Financing 2017:

USD 10 mio.;

Series A-Financing 2018:

USD 30 Mio.

Reinsurance partner:

SCOR

Balance Sheet Data (HGB) as of 31 Dec 2018:

Admitted Assets EUR 23.2 mio., equity capital EUR 21.9 mio., operating loss for the year: EUR 8.1 mio.; premium income < EUR 0.1 mio.

SCALEUP: ACTINEO, COLOGNE - DIGITAL CLAIMS FOR PERSONAL LINES BUSINESS (1/3)

A: Company Profile



Date & Place of Origin:

2009 in Cologne, 170 FTE in 2019

Customer base:

70 German (like Axa Group, R+V Group, DEVK, LVM), Austrian and Swiss insurers, plan to establish a presence in France (Lyon), Spain and Italy in 2020

Business Model:

B2B

Claims:

700.000 personal injury claims handled since inception

Format:

Service provider for digitalisation and medical assessment of personal injury claims

SCALEUP: ACTINEO, COLOGNE - DIGITAL CLAIMS FOR PERSONAL LINES BUSINESS (2/3)

A: Company Profile



B: The Twist - The holistic service provider for personal liability and accident insurance claims

European market position:

Market leader in Germany, Austria and Switzerland

Full service range:

Collection of medical data, evaluation of medical treatment, prognosis of injury claims including care treatment

System:

State-of-the art digital systems

SCALEUP: ACTINEO, COLOGNE - DIGITAL CLAIMS FOR PERSONAL LINES BUSINESS (3/3)

A: Company Profile



B: The Twist - The holistic service provider for personal liability and accident insurance claims

C: Financials: Investors and Financial Data

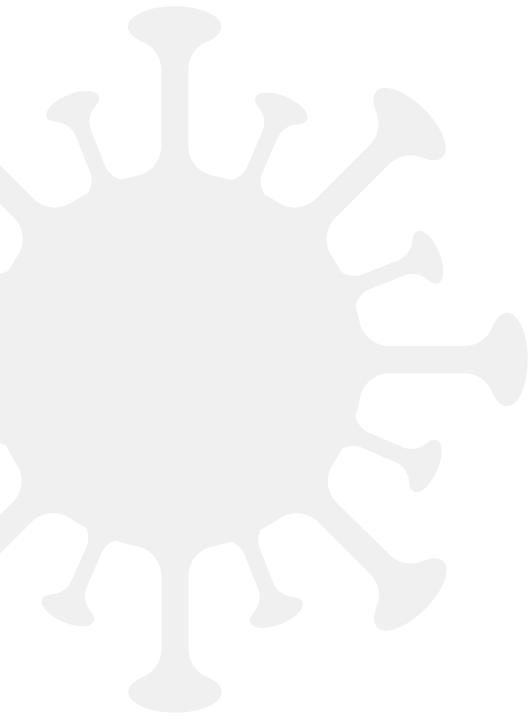
Ownership:

Founder (Olav Skowronnek), private investors,
Riverside Europe Partners GmbH
(since May 2019)

Balance Sheet Data (HGB) as of 31 Dec 2018:

Admitted Assets EUR 2.5 mio.; equity capital
EUR 1.1 mio., result after-tax: a loss of EUR 0.4 mio.

CORONA VIRUS AND COVID-19 – THE 2020 IMPACT ON GERMAN STARTUPS



Impact of internal Measures –
General, Health/Safety, Costs, Cash Management

Identifying Upside Potential

Federal Support Program for StartUps –
EUR 2bn venture capital funding

THE NEXT STAGE - WHERE DO WE GO FROM HERE?

The Key Trends

1 Cooperation vs. Confrontation

2 Involvement of insurers/reinsurers
as financial & knowledge partners

3 ScalingUp and Consolidation

4 What about Profitability & Sustainability ?

MANY THANKS FOR YOUR ATTENTION - Q&A