

DIGITIZATION OF OPERATIONS

In this segment of the value chain, we capture InsurTechs that use technology to optimize business processes and methods to create risk-coverage solutions within the insurance industry and beyond.

With 84 active start-ups in this segment, the operations business model segment constitutes of 40% of all InsurTechs in the DACH region, marking a new record high! Since our first survey in 2016, this share has risen steadily against its original level of merely 22%. On an international level, 44% of all InsurTechs fall into this segment. We identified 7 start-ups in Austria (44% of all InsurTechs in the country), 22 in Switzerland (50%) and 55 in Germany (37%).

In this Radar 2021, we have not made any structural changes to these five Radar categories. However, we changed the name of the “Service and Administration” business model category to “Insurer Platform”. In practice, the category was frequently reduced to the administration of contracts and customer relationships, which according to our intended definition was merely a subset. The category essentially covers the full software suite as well as business processes related to insurers’ core activities. Appendix 1 contains a chart illustrating the insurance tech stack.

1. Digital Sales Enabling

“We digitally enable your sales force.”

The “Digital Sales Enabling” category was able to maintain its leading position from 2019. Currently, 36 InsurTechs from the DACH region fall into this business model category — only “Neocarriers — Digital Product Innovation” boasts a higher number.

The scope of digital solutions offered ranges from lead generation tools to comparison tools and complex consulting tools.

With Nect, this category contains one scale-up. Riskine from Austria, however, is already warming up for a future scale-up status.

As before, some insurers are investing a lot of money into digitizing their captive sales channels. All other customer groups in the established insurance industry targeted by InsurTechs, however, are either not able or not willing to commit larger budgets. In addition, incumbent players and pre-InsurTechs are catching up, while multi-sector tech vendors are moving into the “insurance industry” vertical. Both factors mean one thing: Competition is getting more intense by the minute. While it may seem obvious that InsurTechs should benefit from monetizing any technology they developed for themselves by offering it as a white-label solution to a larger number of clients, practice has shown that this approach does have its pitfalls. As a result, we remain skeptical as far as its strategic potential is concerned.

2. Proposition/Underwriting

“We enable new products and new ways in underwriting and pricing.”

InsurTechs in this business model category focus on the effective use of technology to support underwriting and pricing. Naturally, the amounts of data that need to be collected and analyzed are always enormous. Buzzwords are never in short supply: References to “proprietary algorithms”, which were prevalent in 2016, were soon joined by “big data” and “machine learning”. Currently, almost every InsurTech (not only in this arena) seems to be working with “neural networks”, “deep learning” and “artificial intelligence (AI)”.

Our Radar has identified a total of 16 InsurTechs in this category. Due to its traction and the scope of its funding, we rank Swiss based Dacadoo (originally founded as a HealthTech) as a scale-up. In 2019, we had already pointed out that German founders seemed to be neglecting this category. Overall, not much has changed in this regard: Only five of the start-ups were launched in Germany, and one in Austria. With a total of ten InsurTechs, Switzerland dominates this category, serving as a driver of innovation in the underwriting market.

On the whole, we see a lack of innovative approaches that combine, for example, models such as CarpeData or Planck with the provision of data and risk factors relevant to pricing decisions. As a result, we continue to see potential for new start-ups in this area. With London-based Tractable, this category also boasts a European unicorn.

3. Insurer Platform

“We empower your insurance operations.”

This category has enormous market potential, as the question of how to further improve all operational processes is always top of mind for insurance carriers. In order to drive digitization and automation, many companies buy software solutions on the market, frequently in combination with customization and integration services (also see Appendix 1).

We count 13 active InsurTechs in the DACH region, including two in Switzerland (Paladino and Zenai) and 11 in Germany. As in 2019, Sum.cumo remains the only scale-up, although tech11 might soon follow in its footsteps.

It remains to be seen whether the technological trend towards no- or low-code platforms, which has been drawing a lot of attention internationally (see US start-ups airdev or unqork) will also find its way into DACH. Undeniably, some of the well-funded start-ups in the US have successfully implemented a large number of projects with big-name customers and are also active in DACH. Whether no- or low-code platforms will ultimately prove to be no more than “old wine in new bottles” or whether they actually have the potential to solve core issues in the insurance industry through technological innovation is yet an open question. One company on our DACH radar bent on exploiting this trend is Nuclior, founded in Germany in 2020.

4. Claims

“We optimize your claims processing and decision-making.”

InsurTechs in this category provide technologies and services to make the insurance industry’s claims processes more efficient and customer-friendly. As is the case in the “Proposition/Underwriting” category, data analytics plays a major role alongside the implementation of user-friendly processes. Accordingly, many innovative technologies are being employed in this area as well, ranging from algorithms to artificial intelligence (AI).

16 InsurTechs from the DACH region are focused on this issue, of which two are headquartered in Austria (Digital Claim and Schaden-Manager) and another two hail from Switzerland (Jarowa and Spearhead). This means that nearly one-fifth of the start-ups in the “Operations” segment fall into this category, which corresponds almost exactly to the distribution observed internationally.

Actineo was the first company to advance to scale-up status, but the German InsurTech omni:us as well has

the US start-up Matterport have now followed suit to join this exclusive group. What holds true for Lemonade in the “Propositions” segment also applies to Matterport: We considered the scale-up status achieved in the US for the DACH region, as well. Claimsforce and Jarowa could become the next scale-ups in this category.

In the “Claims” business model category, InsurTechs face serious competition, not only from the large software and technology vendors, but also from extremely successful pre-InsurTechs such as ControlExpert, Eucon and the Innovation Group. Nevertheless, we remain very positive about the prospects in this category and see clear opportunities for start-ups — after all, with France-based Shift Technology, this category boasts one of the first European InsurTech unicorns.

5. Balance Sheet and Financial Resource Management

“We optimize investment decisions and financial processes.”

Start-ups in “Balance Sheet and Financial Resource Management” aim at improving the transparency of insurance companies’ financial, investment and reporting processes and enhancing their efficiency and effectiveness. In view of tightening regulatory requirements and pressure on returns in many asset classes, there is more than enough to do in this respect. Coming from the investment side of the business, the global megatrend “ESG” has also reached the insurance industry.

Technology-driven specialists — such as XTP in the area of investment optimization and investment governance — may very well become international success stories. However, this is a tricky playing field for software start-ups, as it requires a deep dive into a company’s inner workings. Established insurers and reinsurers are sometimes reluctant to offer external parties a glance at their cards. Large software vendors such as msg or SAP are at times at an advantage, as they are able to exploit cross-industry synergies and apply their financial expertise to the insurance sector.

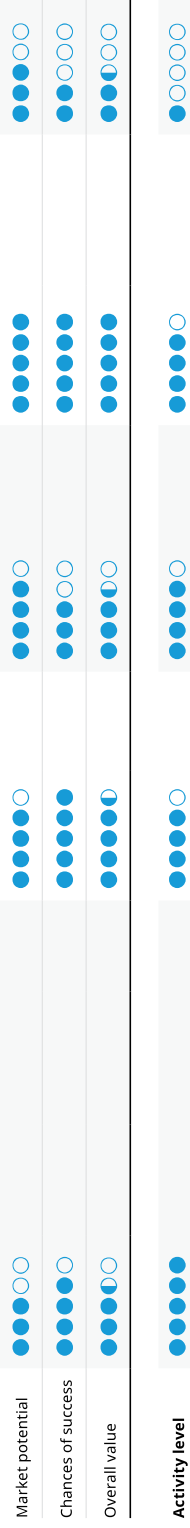
Alternative technologies transferring insurance risks to the capital market represent a challenging but, in our view, very attractive long-term playing field. Among DACH InsurTechs, only Ryskex is trying to tackle this issue with its blockchain-based parametric risk transfer solution.

e-Trading/placement platforms for reinsurance, such as the one offered by Lloyd’s, might be able to stir up the market again.

The bottom line is that this is and will remain a challenging business model category.

	1. Digital Sales Enabling (DSE)		2. Proposition/Underwriting		3. Insurer Platform		4. Claims		5. Balance Sheet and Financial Resource Mgmt.	
Scale-ups	GERMANY Nect		SWITZERLAND Dacadoo		GERMANY sum.cumo		GERMANY Actimeo Matterport	omnius		
Start-ups	AUSTRIA Allver	banningo feelix Finhome Finlytics flexperto Flixcheck/ Denkpark Insurgo KASKO	netinsurer maklerhome- page.net massUp Mobilversichert Netzwerkzeug (mydVerse) Personal Business Machine	riskine prima beraten profino Shore simplr (Dionera) smoope VorFina	GERMANY AdaEngine AktuarMed Minds Medical	Perseus SkenData/ Wert14	Nuclicare Reportix (Eve Contract) Syncier tech11	AUSTRIA Digital Claim	Spearhead	GERMANY Ryskex
	GERMANY 4yourfinance Appsichern (SituatiVe) asuro BANKSapi bisure BrokingX digidor (experten- homepage)	Innoveo Skye	SOBRADO	Viot	SWITZERLAND CelsiusPro Cubiq CyQuant Kasko2Go Luminant Analytics	Remoto (BrightBox) Riskwolf SatSure Sustema	SWITZERLAND Paladino Zenai	SWITZERLAND Jarowa	Spearhead	SWITZERLAND Asure Foundation B3i
Pre-InsurTechs	Finanzen.de Franke & Bornberg	is2 Nafi	Morgen & Morgen Softfair		Allfinanz Magnum	Faktor10 MSG	Control Expert Eucon	Innovation Group	Prophet SAP Solvara	
Active	36		16	13	16	5	3			
Inactive, Exit/Exit, Pivot Outs	18		3	6	5	17				

Strategic potential



Source: InsurTech-Radar 2021 DACH



Conclusion Operations:

The importance of the Radar's "Operations" segment has steadily increased since 2016. The distribution of the individual business model categories within the "Operations" segment has become more balanced. The "Digital Sales Enabling" category remains the heavy-weight in this arena, which, in comparison to international averages, is much more pronounced in the DACH region.

Within DACH, the Swiss InsurTech scene gives a particularly strong showing, featuring several highly innovative, promising start-ups. Based on the total number of InsurTechs in the country, Austria, too, is well-represented in this area. Due to the size and structure of the local market, start-ups are forced to make their way onto the international stage early on. This visibly boosts their innovative strength.

New scale-ups in the "Proposition/Underwriting" and "Claims" categories have appeared on the Radar, primarily due to the geographic expansion of our analysis from Germany to the DACH region. In both business model categories, however, we continue to see considerable potential for new start-ups with an in-depth knowledge of the insurance industry.