

Insurtech Global Outlook 2025

The Insurtech Value

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Insurtech Value: From Investment Attraction to Innovation Impact

Welcome to a new era of insurance, where the pace of innovation meets the evolving needs of both consumers and businesses. Insurtech is helping to reshape how we view, deliver, and experience insurance, creating unprecedented opportunities for efficiency, personalization, and accessibility.

In this paper we aim to guide you through how Insurtech is not merely influencing our industry but fundamentally changing it, addressing longstanding challenges and opening doors to possibilities we could only imagine a few years ago.

This journey is not only about advancing technology but about enhancing trust, improving customer experience, and redefining what insurance can achieve in our lives.

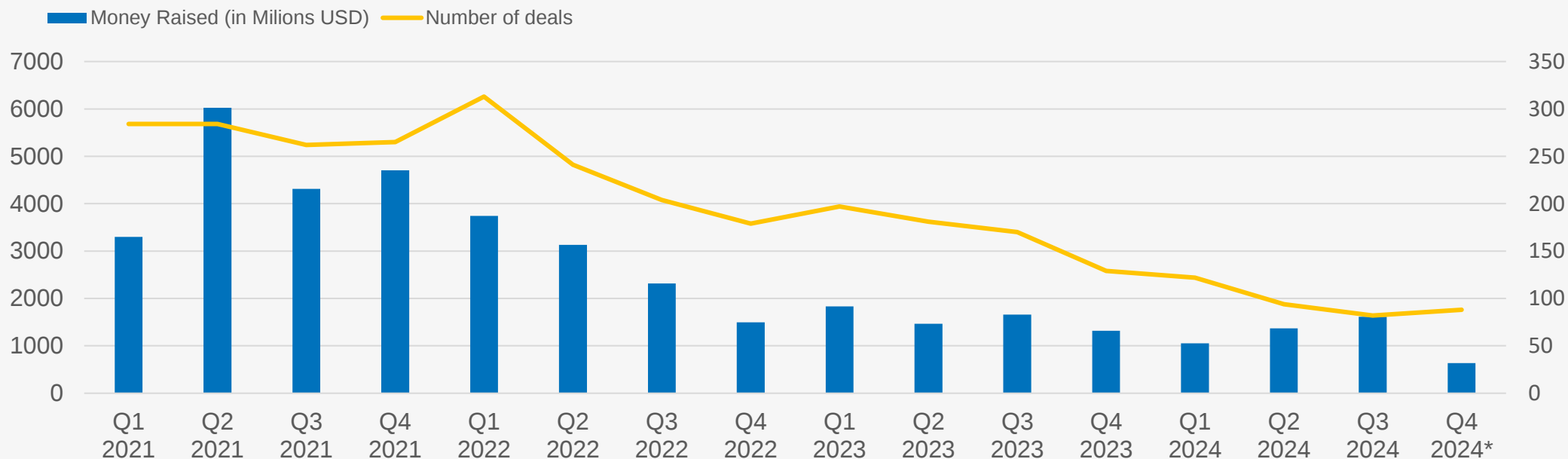
The future of insurance is here, and it's also powered by Insurtech.

Despite the recent decline in investment, the impact of Insurtech is undeniable. With \$40 billion invested globally in Insurtech over the past four years, it's clear that these companies are becoming an essential force in the transformation of the insurance industry.

The bar chart on the shows a timeline from 2021 to 2024, with quarterly investment amounts displayed in millions of USD. These bars represent the peak reached in 2021.

This period marks the highest levels of investment, likely driven by increasing interest in digital transformation within the insurance sector. Beginning in 2022, there is a noticeable shift, with investment levels declining. This reduction may be attributed to several factors, such as market saturation, economic uncertainty, or a maturing Insurtech landscape where investors are more selective in their choices.

INSURTECH MONEY RAISED AND NUMBER OF DEALS



Another critical factor to consider is Insurtech's strategic shift from hyper-growth to a focus on profitability. Prioritizing profitability enables Insurtech to demonstrate financial resilience, address operational inefficiencies, and build trust among stakeholders, including customers, investors, and regulators. Furthermore, focusing on sustainable growth positions these companies as more reliable partners for traditional insurers, enhancing opportunities for collaboration and integration.

To assess this, we will examine three public Insurtech with outstanding increase in stock price, reflecting investor confidence in its strategic pivot and long-term potential:

- ▶ **Root (a 645% increase):** Has refined its AI-driven telematics model to improve underwriting precision and reduce loss ratios, although it faces rising acquisition costs.
- ▶ **Oscar (a 245% increase):** Leverages technology to enhance customer experience and operational efficiency in health insurance but continues to balance growth with narrowing margins.
- ▶ **Hippo (a 196% increase):** Focused on home insurance, combines IoT-based risk prevention with streamlined claims processes, yet must overcome industry-wide loss trends.

FULL-STACK PUBLIC INSURTECH. STOCK PRICE EVOLUTION



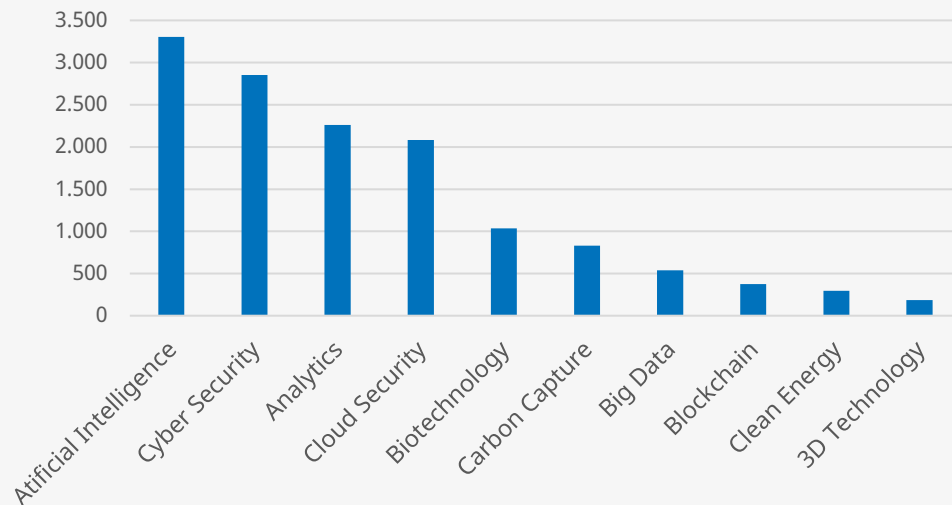
Investments and M&A Brings Strategic Move to Enter the New Stage of Development

Insurtech transformative potential is further validated by striking investment patterns in the insurance sector.

This substantial commitment highlights insurers' recognition of startups and Insurtech as not only disruptors but also indispensable partners in addressing the industry's challenges. By leveraging emerging technologies expertise, insurers aim to enhance their competitive edge, adopt cutting-edge technologies, and position themselves for sustainable growth in an increasingly dynamic marketplace.

Top Growing Technologies invested by Insurers

■ Total investments in startups in M USD



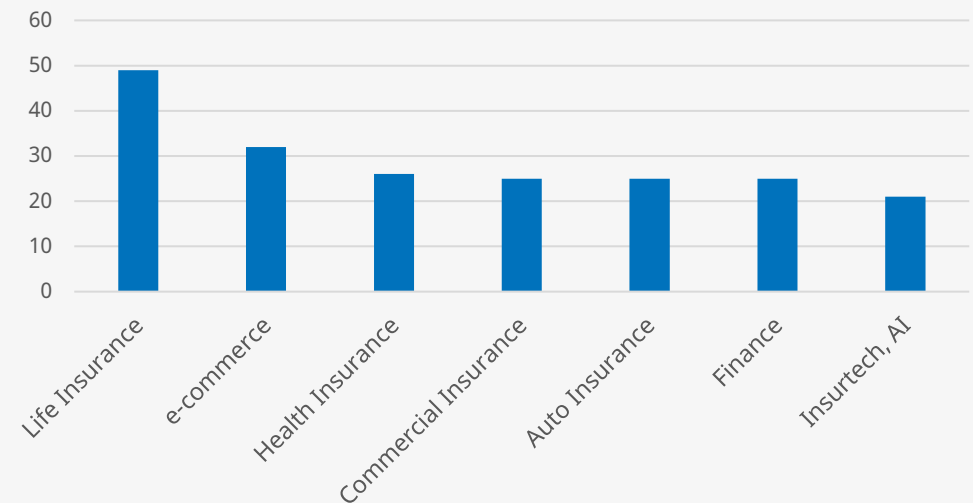
Made by the authors. Graph 3

The merger between insurance and Insurtech has evolved and strengthened significantly over the past several years. This partnership has reached a pinnacle by developing a new, scalable integration technology, which is not limited to digital sales but extends its capabilities to traditionally robust offline distribution channels, particularly in the underwriting and risk segmentation sectors.

This trend is mirrored by the behavior of top insurers, who allocate most of their acquisitions specifically to Insurance-related business.

Evolution Insurtech M&A Activity

■ Total number of acquisitions



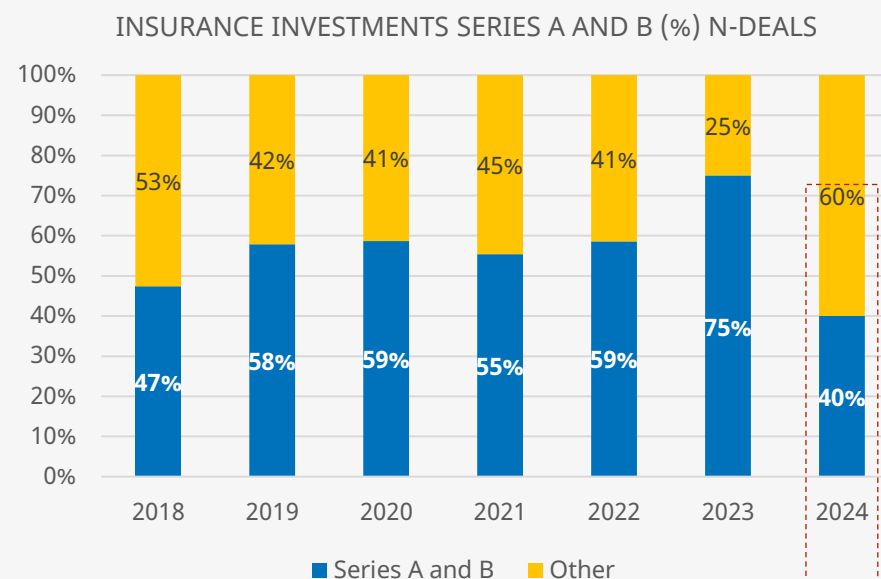
Made by the authors. Graph 4

The insurer's funding landscape shifted dramatically. Late-stage startups now attract 60% of insurer investments, up from 25% in 2023. This reflects a preference for business and technology maturity, with insurers seeking near-term impact and alignment with proven solutions. Startups must adjust their strategies accordingly to thrive.

In 2024, the insurance investment landscape experienced a major shift, particularly in funding allocation across different series.

Funding for Series A and B rounds saw a significant decline, indicating reduced support for early-stage startups. This shift reflects a changing Insurtech sector, where investors are moving away from early-stage opportunities to prioritize more mature ventures with proven potential.

To adapt to this evolving landscape, both startups and investors must rethink their approaches, emphasizing agility, innovative solutions, and strategies that focus on achieving sustainable, long-term impact.



Top Insurers Investors

On average, top insurers investors +40% of deals to Insurtech.

There are several insurers that stand out for stronger interest in Insurtech, as listed in the table. Active investors are increasingly focused on high-growth sectors like distribution, cyber-security, life insurance and risk management, seeing them as key areas for future value.

The table provides an overview of key investors in the Insurtech sector for 2024, highlighting their total investment amounts, engagement in Insurtech deals, and the proportion of those deals within their overall portfolios.

The investors listed include Allianz, Munich Re, MassMutual, AXA, Liberty Mutual, Mundi Ventures, Zurich, and MS&AD. For each entity, the data details the total financial investments made in 2024, the number of deals specifically targeting Insurtech relative to their total number of deals, and the corresponding percentage of Insurtech-focused investments.

INVESTOR NAME	NUMBER OF DEALS IN INSURTECHS/ TOTAL NUMBER OF DEALS	INSURTECH%
Allianz	12/44	27%
Munich Re	6/13	50%
MassMutual	20/107	21%
AXA	10/62	17%
Liberty Mutual	15/40	38%
Mundi Ventures	30/53	56%
Zurich	6/8	75%
MS&AD	6/12	50%

TOP INSURERS BETS IN 2024

AI AND DATA ANALYTICS

- Customer engagement
- Underwriting
- Marketing and sales
- Analytics and underwriting

CYBERSECURITY

- Cloud security
- Insurance data integration
- Fraud and scam prevention



BIOTECHNOLOGY

- Health and Life
- Claimless solution
- Diagnose and underwriting

CLEANTECH/ CARBON CAPTURE

- ESG
- Real time data
- Sustainable solutions

The Evolution of Insurtech

To keep analyzing the value of Insurtech in the market transformation we're going to divide it in 4 periods:

► **2010 - 2015:** Before the rise of Insurtech pioneers, established insurers like AXA, Allianz, and State Farm took a DIY (Do-It-Yourself) approach to digital transformation. The period was characterized by heavy investments in building in-house digital solutions to modernize operations, streamline processes, and enhance customer interactions.

During this era, insurers invested around \$2 billion in multi-year digital transformation initiatives. The focus was on digitizing existing infrastructure, creating customer portals, and improving backend systems without relying on external startups. The belief was that incumbents could modernize their operations internally to maintain control over their digital future, a strategy which reflected the industry's traditional approach of working with in-house teams.

► **2015 - 2020:** Between 2015 and 2020, we saw the emergence of full-stack Insurtech, which aimed to disrupt traditional insurance models.

These new companies competed directly with incumbents by offering digital-first, AI-enhanced, and customer-centric experiences. Full-stack Insurtech not only sold insurance but also developed the technology and infrastructure to manage the entire insurance lifecycle—from underwriting to claims handling.

Notable players during this period included Lemonade, Root, Zhong An, and Oscar, which collectively raised over \$16 billion in venture funding, with individual companies receiving upwards of \$500 million. The significant funding underscored a fundamental shift in the industry: technology was now seen as the primary driver for future success and growth. These Insurtechs introduced innovations such as fully automated underwriting, AI-driven pricing models, and seamless customer experiences that could be managed entirely through mobile apps. The rise of full-stack Insurtech put pressure on traditional insurers to accelerate their own digital efforts, pushing the industry further toward digital-first and customer-centric models.

The Evolution of Insurtech

► **2020 - 2024:** The pandemic and favorable funding conditions acted as a catalyst for a shift in strategy, with insurers moving towards collaboration over competition. 2021 marked a pivotal year, with over 60% of top insurers entering partnerships or investing in Insurtech, with 50% of their startup investments directed specifically to this sector.

This period marked the evolution from direct competition to collaboration, with insurers recognizing that working alongside Insurtech could help them modernize their core systems, expand digital capabilities, and streamline operations. By partnering with Insurtech, traditional insurers gained access to cutting-edge technologies, such as AI, machine learning, and telematics, that could accelerate their digital transformation efforts.

As Insurtech played an increasingly important role in this shift, insurers were able to innovate faster and more efficiently by leveraging the agility and technological expertise of startups. These collaborations also fostered new business models, such as usage-based insurance

and on-demand coverage, which could be more flexible and personalized for customers.

► **2025 & Beyond:** Looking ahead, Generative AI and Quantum Computing are set to revolutionize the insurance industry by unlocking new value opportunities and transforming how risk is assessed and managed. These technologies will allow insurers to analyze and process vast amounts of data in real-time, enabling them to offer hyper-personalized policies that can dynamically adjust to real-time risk factors.

While AI is already influencing digital transformation in the insurance industry, its adoption remains uneven. In P&C insurance, simpler, explainable algorithms are the norm, whereas in Life Insurance, only 24% of companies have fully adopted AI technologies. To truly capitalize on AI's potential, insurers will need to deepen their adoption and enhance their capabilities.

The Evolution of Insurtech

For AI-driven innovations, further underscoring the accelerating pace of investment into the sector. This influx of capital is fueling the development of more sophisticated AI solutions, which will be key for insurers to predict future risks, such as accidents or breakdowns, before they occur.

Quantum Computing, on the other hand, holds the potential to process massive datasets far more quickly and accurately than current technologies allow. This could provide insurers with the ability to predict risk not just from driving behavior, but also considering weather patterns, road conditions, and even driver health in real-time.

In this new era, Insurtech will continue to emerge as tech challengers, driving the pace of innovation and forcing traditional insurers to rethink their strategies. Companies that embrace these transformative technologies will be able to offer unmatched flexibility and value to customers, making the insurance experience more personalized, efficient, and data-driven.

Insurtech Value:
It's Not About Technology, It's
Fundamentally Rethinking How
Insurance is Delivered

Key Market Shifts: Evidence of Successful Insurance Transformational Models

To understand industry's transformation, we've identified 4 key market shift that exemplify this change: The growing demand for

hyper-personalization, the rise of distribution channels, the AI-driven underwriting, and finally, the acceleration of claims.

MARKET SHIFT 1

The growing demand for hyper-personalization

MARKET SHIFT 3

The acceleration of claims and predicted risks



MARKET SHIFT 2

The rise of ecosystem distribution channels

MARKET SHIFT 4

The emergence of synthetic-driven underwriting

The Growing Demand for Hyper-Personalization

The Car Insurance Revolution

Today, approximately 85% of millennials (about 1.8 billion people, or 24% of the global population) prefer personalized insurance products that leverage real-time data.

Furthermore, 67% are willing to share personal information in exchange for lower premiums. This trend is especially evident in the evolution of car insurance.

► **The Traditional Car Insurance:** Historically, car insurance premiums were driven by simplistic, broad metrics like vehicle type, driver age, and claim history. This resulted in a one-size-fits-all approach to risk assessment, where insurers struggled to accurately assess individual risk profiles. Safe drivers could be penalized with higher premiums, while risky drivers might pay lower rates. This led to significant inefficiencies in pricing and contributed to poor customer retention.

Despite these challenges, industry leaders like **State Farm and Progressive managed to capture approximately 40% of the market share** by leveraging more granular data such as driver demographics, regional risk factors, and complex regulations. These insurers began using better data sources to refine their underwriting, but the overall model remained static, relying largely on historical data rather than real-time inputs.

MARKET LEADERS	ONE-SIZE FITS ALL RESULTS
▪ StateFarm \$40 Billion Premiums 18% Market Share ▪ Progressive \$33 Billion Premiums 14% Market Share	▪ 40% - 50% Pricing Inefficiencies' ▪ 70% - 80% Average Retention ▪ Claims Handling in weeks

► **The Telematics UBI Revolution:** The real transformation began with the rise of telematics—the use of technology to track actual driving behavior. This innovation allowed insurers to gather dynamic, real-time data about how, when, and where vehicles were driven, providing a much more accurate picture of risk. With this data, insurers could move beyond the old, generalized factors and shift towards usage-based insurance (UBI) models.

DriveWell platform within smartphone app



Image from <https://www.cmtelematics.com/cmt-mobile-sdk/>

One of the standout examples of this shift is **Progressive's Snapshot UBI program**, which, in collaboration with Insurtech partner Cambridge Mobile Telematics, expanded to cover 30 states by the end of 2023. By that time, it **accounted for nearly 50% of Progressive's \$48 billion in personal auto net written premiums**. The impact of this transformation was profound:

- 20% improvement in pricing accuracy compared to traditional models, ensuring that premiums were based on actual driving behavior rather than assumptions.
- Retention rates increased by up to 30% for telematics users, demonstrating how more personalized pricing fosters greater customer loyalty.
- Claims settlement times were reduced by 15-20%, thanks to the richer data available to assess incidents more quickly.

Telematics allowed insurers to offer much more personalized and equitable premiums, where safer drivers could see lower rates, and risky behavior could be penalized more fairly.

► The Quantum-Powered Hyper-Personalization:

Looking to the future, Quantum Computing and AI are set to take car insurance personalization to the next level. Quantum computers will have the ability to process massive datasets in real-time, which could radically improve the accuracy of risk assessments by considering a broader array of data points than ever before. In addition to traditional driving behavior, insurers could incorporate real-time weather conditions, road environments, and even driver health data (such as fatigue or impairment) to assess risk.



Image from <https://www.mindfoundry.ai/blog/how-quantum-computing-and-llms-will-revolutionise-insurance/>

This would allow insurers to offer hyper-personalized policies that adapt dynamically to real-time risk factors, making pricing more accurate and reflective of the actual risks at any given moment.

The ability to predict future events, such as accidents or breakdowns, before they happen could emerge as a key differentiator in the industry. Insurers would not only be able to predict risk based on past and present behavior but also anticipate future risks with unprecedented accuracy.

This new era of insurance could offer unmatched flexibility and value to consumers, with policyholders receiving premiums that adjust as their circumstances and the environment change, leading to more tailored coverage and greater customer satisfaction.

In essence, Quantum Computing and AI could redefine how insurers interact with their customers, enabling a level of precision and personalization that was previously unimaginable. All stakeholders (traditional incumbents, emerging Insurtech, and industry giants) are investing heavily to gain the ability to leverage these cutting-edge technologies to stay ahead in the evolving market.

The Rise of Ecosystem Distribution Channels

From Invisible to Always-On Insurer

A recent survey revealed that 65% of policyholders now prefer purchasing insurance through digital platforms, and 75% indicated they would consider switching insurers for a superior digital experience.

► **The Invisible Insurer:** Embedded insurance is at the forefront of this transformation, exemplified by innovators like Cover Genius. For instance, **Cover Genius helped a global online retailer boost add-on protection sales by an astonishing 513% in just four weeks.** By seamlessly integrating insurance into the retailer's purchasing process, Cover Genius demonstrated that distribution doesn't need to be overt; it can be an integral part of everyday life.

XCover platform for product protection plans

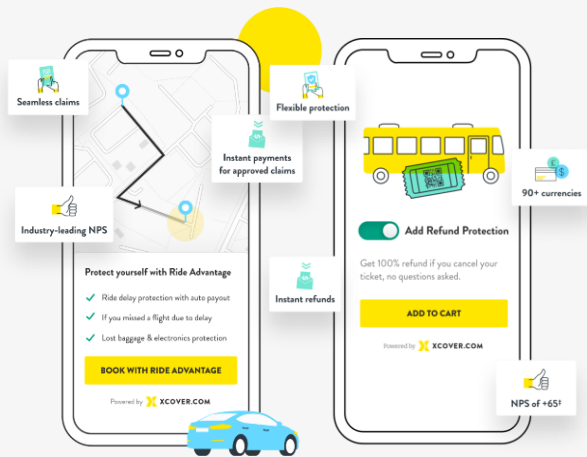


Image from <https://www.covergenius.com/any-reason/>

By partnering with Cover Genius and integrating the XCover platform, the retailer was able to offer a range of product protection plans across multiple categories, including electronics, jewelry, musical equipment, and more. This move allowed customers to purchase warranties and insurance directly during the checkout process enabling:

- 513% growth in sales: Add-on protection sales jumped from \$3,709 per week to \$19,037 per week by Week 4 after the integration of the XCover platform.
- 41% increase in warranty sales by the end of 2021.
- Projected 3x sales growth for 2023 based on subscription-based policies.

This rapid success demonstrated the power of offering personalized protection plans and a streamlined customer journey during purchase.

► **The Always-On Insurer:** When we discuss embedded or invisible insurance, the concept of convenience comes to the forefront. By maximizing convenience, we can envision the concept of the "Always-On Insurer." This model envisions insurance being seamlessly integrated into a fully interconnected digital ecosystem, powered by AI, IoT, and biometric data. **A prime example is Ping-An's home-based senior care program**, which offers a comprehensive ecosystem that includes high-end retirement centers, online consultations with doctors and nurses, and life concierge services for daily living assistance.

Ping An's Managed Care Model

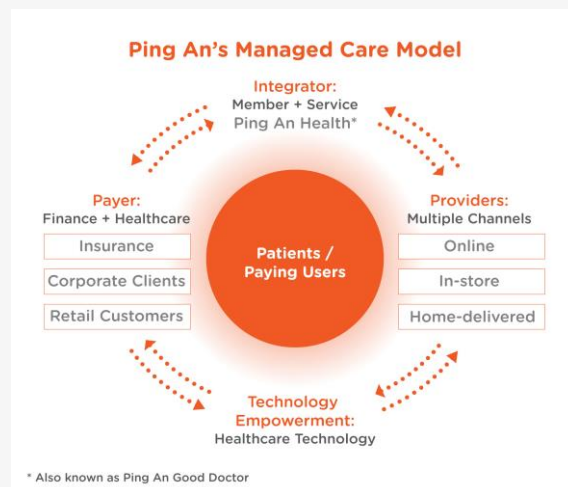


Image from <https://www.ft.com/partnercontent/ping-an-insurance/chinas-elderly-care-dilemma-who-will-meet-the-challenges-and-who-will-pay.html>

Clients receive help with bathing, dressing, healthcare, meal preparation, and medical coordination, all from the comfort of their homes.

Each client is provided with an AI-powered system that can also detect 13 behavioral risks, such as falls and poor air quality. By 2024, over 20 million Ping-An Life customers had accessed these healthcare services establishing it as the largest "Always-On Insurer." Moving forward, this model will provide proactive and autonomous coverage triggered without customer input, addressing the current protection gap.

By 2024, more than 20 million retail customers and 26 million corporate clients utilized Ping An's healthcare and elderly care ecosystems.

This one-stop solution combines insurance protection, health management, and medical services, offering tailor-made solutions for individual health profiles. And it exemplifies how the Always-On Insurer concept evolves to anticipate client needs without the need to call or file claims..

The Emergence of Synthetic-Driven Underwriting

Disrupting Insurance Through AI

Recent benchmarks report indicates that AI-driven underwriting can reduce time by 70% and improve pricing accuracy by 20-30%, significantly reducing loss ratios.

► **The Synthetic-Driven Underwriting:** The insurance industry is experiencing a fundamental shift towards synthetic-driven underwriting, leveraging advanced AI models and real-time data to revolutionize traditional processes. A standout example is **NEXT Insurance, that launched an AI-driven solution** to simplify insurance for small business owners. Using data from LegalZoom and other sources, the solution **generates accurate, tailored insurance quotes in seconds**, offering seamless integration into LegalZoom's ecosystem. This service is available to various industries, including accountants, event planners, and food trucks.

NEXT Insurance and Legal Zoom instant quotes

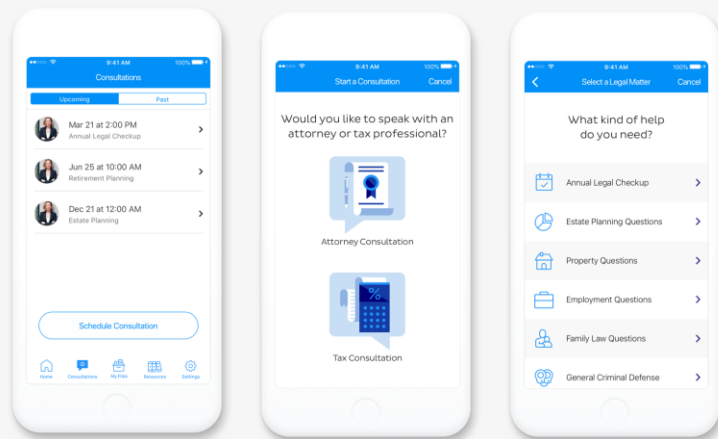


Image from <https://www.joshux.com/projects/legalzoom-ios-app-design/>

Starting a business involves many tasks, with securing insurance often being time-consuming and overwhelming. Traditional processes are lengthy and require filling out forms, which can delay coverage. NEXT recognized the need for a faster, user-friendly solution for small business owners.

In partnership with LegalZoom, NEXT introduced a solution that instantly generates tailored insurance quotes using customer data. Leveraging data-driven underwriting, it provides personalized policies in just 10 seconds. Additionally, embedded within the LegalZoom platform, the solution allows entrepreneurs to obtain coverage without leaving the ecosystem.

As a result, **their underwriting loss ratio improved by 15% in 2023**, delivering personalized coverage that aligns closely with customer needs and dramatically enhancing the customer experience.

Synthetic-driven underwriting is more than a technological advancement; it is a strategic transformation redefining insurance value propositions. Insurers that embrace this approach can enhance profitability while strengthening customer relationships, setting new standards in the evolving insurance landscape.

► **The Synthetic-Driven Underwriting:** The advent of algorithmic underwriting marks a pivotal shift in the insurance landscape, demonstrating how technology can optimize underwriting processes and reshape market dynamics. **Ki Insurance, has significantly disrupted the Lloyd's market since its launch in 2021.** By leveraging algorithmic underwriting, Ki has **grown from writing \$323 million in gross written premiums (GWP) in its first year to an astounding \$1 billion in 2024,** establishing itself as a leader among Lloyd's smart follow syndicates.

Ki Insurance Smart Follow Syndicates performance result

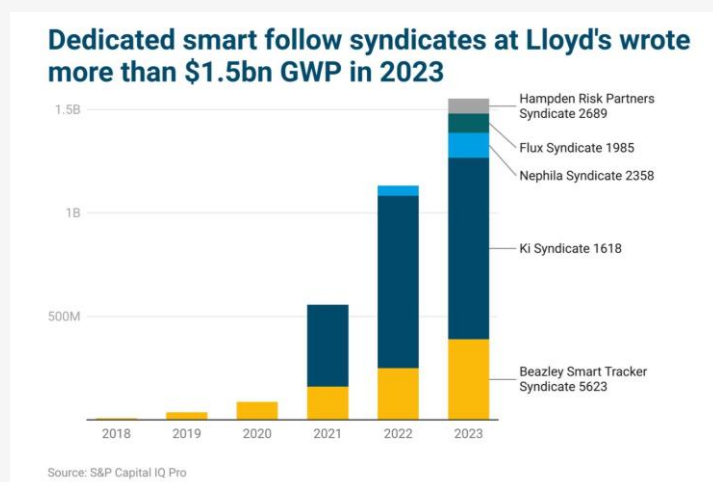


Image from S&P Capital IQ Pro

Ki's success is part of a broader trend in the London market, where smart follow syndicates, designed to automatically follow lead syndicates' risk decisions using advanced algorithms, are proving their profitability.

In 2023, these syndicates collectively wrote over \$1.5 billion in GWP, with Ki Insurance dominating the space and outperforming competitors like Beazley's Smart Tracker and Flux Syndicate. By eliminating human involvement in individual risk assessments, these models enable faster, more efficient, and scalable underwriting, while maintaining profitability.

The key to Ki Insurance's rapid growth lies in its ability to integrate Gen AI and algorithmic models to evaluate risks in real time, based on the decisions of trusted lead underwriters. This innovation allows Ki to capitalize on market opportunities swiftly, while its operational efficiency supports competitive pricing and consistent profitability.

Algorithmic underwriting, as demonstrated by Ki or NEXT, underscores the importance of reducing reliance on manual processes and embracing data-driven decision-making, to achieve unparalleled scalability and efficiency, and remain competitive in a rapidly evolving industry.

The Acceleration of Claims and Predictive Risks

Redefining Speed and Efficiency in Insurance

Recent benchmarks report indicates that AI-driven underwriting can reduce time by 70% and improve pricing accuracy by 20-30%, significantly reducing loss ratios.

► **The Acceleration of Claims:** The acceleration of claims processing is a pivotal market shift, transforming how insurers meet customer expectations for speed and simplicity. **A standout example is Lemonade, which set a new world record by settling and paying a claim in just 3 seconds.** Leveraging its AI-driven claims bot, Lemonade uses a fully automated system to handle claims, from verifying details to approving payouts, without human intervention. This unprecedented achievement highlights how AI and machine learning are reshaping claims management, delivering unparalleled speed and efficiency.

Lemonade A.I Jim automated claims handling

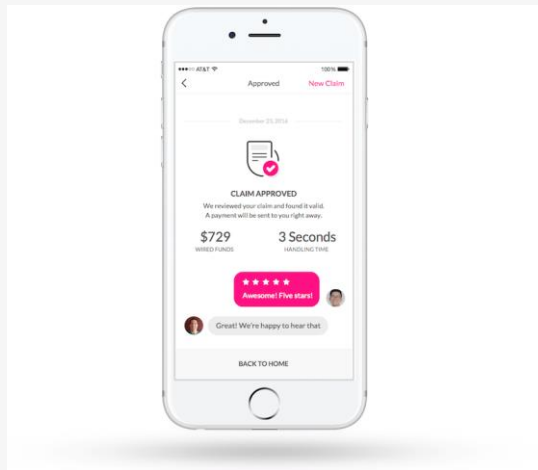


Image from Lemonade

Lemonade's claims process exemplifies a strategic shift in prioritizing automation to enhance the customer experience. By analyzing data instantly, its AI models assess claims with precision, detecting potential fraud and ensuring fairness. This rapid processing not only builds customer trust but also reduces operational costs, allowing Lemonade to reinvest in innovative services. Furthermore, this technology intelligently routes simpler claims that require a human touch to newer employees with the right skill set, while more complex losses are directed to seasoned experts.

This shift has broader implications for the insurance industry. Traditional insurers have long faced criticism for lengthy claims processes and bureaucratic hurdles. The ability to settle claims in seconds provides a competitive edge, particularly among tech-savvy consumers who prioritize convenience.

The acceleration of claims exemplifies how technology can redefine core insurance operations. Lemonade's success demonstrates that automation and AI are no longer optional but essential for meeting modern customer demands. As insurers increasingly adopt similar approaches, this market shift will continue to drive efficiency, reduce costs, and elevate customer satisfaction, ultimately reshaping the competitive landscape of the insurance industry.

► **The Predictive Climate Risk:** As climate-related risks intensify, insurers are turning to predictive analytics to transform risk management. **Jupiter Intelligence, a leader in climate risk analytics, exemplifies this shift through its ClimateScore™ Global platform**, which leverages digital twin technology to simulate climate risks at a hyper-local scale. By predicting the future impact of events like flooding, heat stress, and sea-level rise, Jupiter helps insurers move from reactive claims management to proactive risk prevention.

Jupiter Intelligence ClimateScore Global Platform

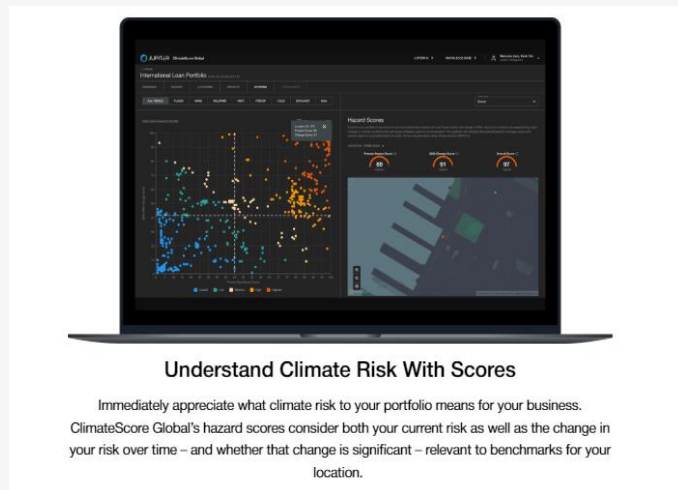


Image from Jupiter

ClimateScore combines satellite data, geospatial analytics, and advanced modeling to create digital replicas of physical assets and infrastructure. These digital twins simulate how properties and regions may be affected by extreme weather decades into the future. For instance, the platform can analyze how a 1-meter sea-level rise might impact coastal communities or predict heatwave intensity in urban areas. Armed with these insights, insurers and their clients can take targeted actions to mitigate risks, such as improving flood defenses or relocating critical assets.

One notable case showed that **Jupiter's analytics helped a city government redesign its stormwater systems, mitigating potential flood damage by 35% over 15 years**. Overall, Jupiter works with 25% of the world's largest companies including 15% of the Global 100 from banking, insurance, and public sector authorities.

Such results underscore the value of predictive climate risks in reducing loss exposure and fostering long-term sustainability, representing a critical evolution in the insurance industry. By focusing on prevention through real-time modeling and analytics, insurers can enhance resilience, lower claims, and adapt to the growing challenge of climate change.

The insurance industry is undergoing profound transformation, driven by advancements in technology and evolving customer expectations. Insurtech remain pivotal, despite the recent decline in private investment.

The impressive stock performance of companies like Lemonade, Hippo, Oscar, and Root Insurance in 2024, coupled with over \$3 billion invested by insurers in AI-focused startups and strategic acquisitions targeting Insurtech, underscores their enduring value.

These investments reflect a strategic focus on hyperpersonalization, ecosystem integration, AI-driven underwriting, and claims transformation, positioning Insurtech as essential catalysts for a smarter, customer-centric, and scalable insurance landscape, even in a challenging funding environment.

