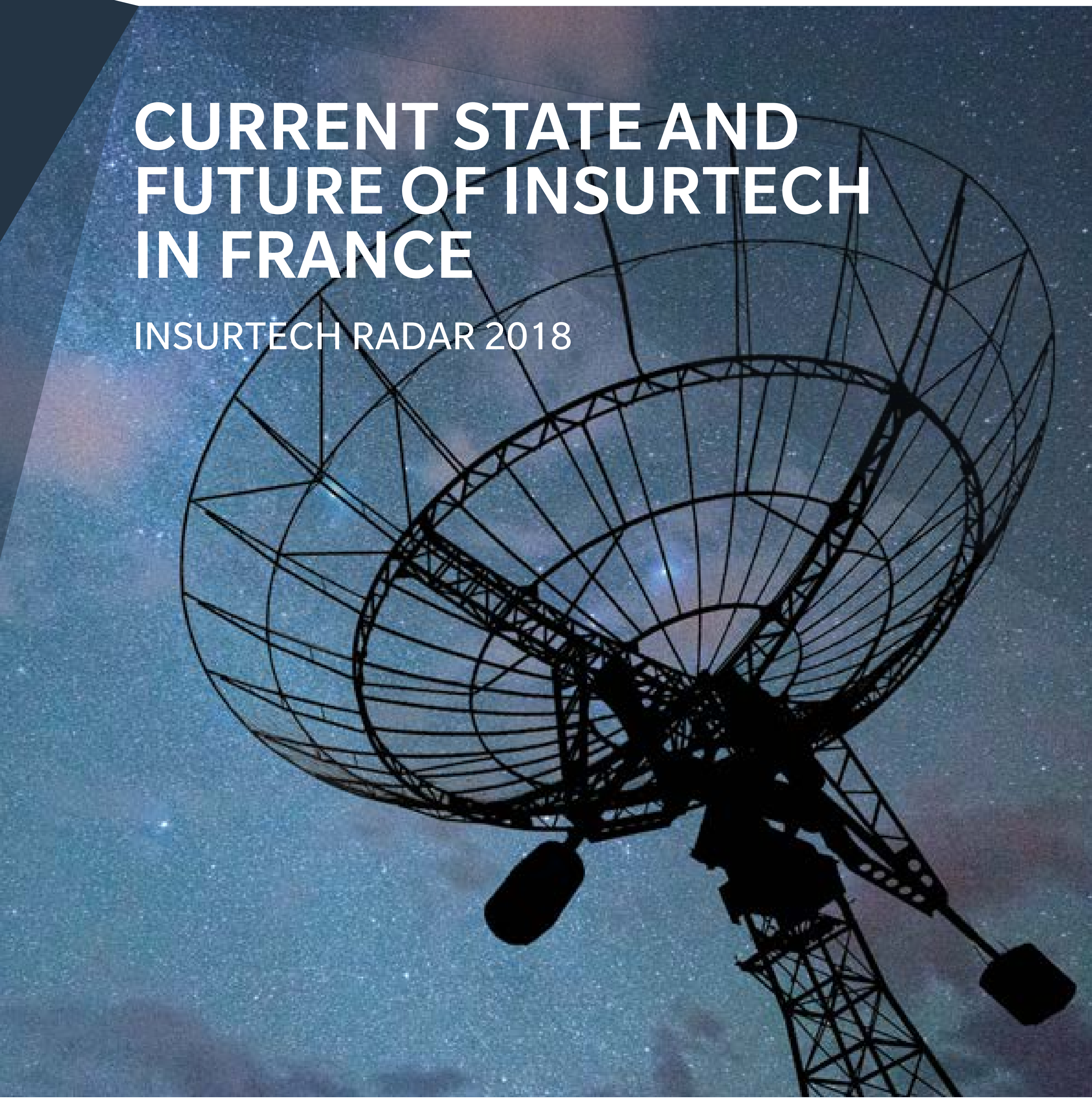
OLIVER WYMAN | policendirekt

CURRENT STATE AND FUTURE OF INSURTECH IN FRANCE

INSURTECH RADAR 2018



MARSH GUY CARPENTER MERCER OLIVER WYMAN

MARSH & McLENNAN COMPANIES

EXECUTIVE SUMMARY

CONTEXT

InsurTech – a term that encompasses a set of innovative players leveraging digital technology to rethink the insurance industry – is just starting to boost the growing appetite of entrepreneurs, investors and insurers. Recent years have seen a major rise in InsurTech investments across the world, and France is no exception. In fact, a large share of these investments comes from insurance and reinsurance players, underlining their belief in an inevitable and necessary transformation of the industry as we know it.

In this context, Oliver Wyman and Policen Direkt developed the InsurTech Radar to better navigate through the growing number of InsurTech models and trends worldwide. Using our global InsurTech database and knowledge of the insurance industry, our objective is to shed light on the nature, dynamics and potential of InsurTechs in a structured manner.

This report concentrates on the French market, and analyzes the business models of the 131 active French InsurTechs we observed. It applies the same logic as our previous InsurTech Radar reports to enable easy market comparisons on an international scale.

METHODOLOGICAL FRAMEWORK

The InsurTech Radar framework follows the insurance industry value chain from proposition to distribution and operations. Within these three segments, we have identified 19 distinct InsurTech business model categories.

By grouping the observed French InsurTechs into the 19 business model categories we show what the current level of activity is, and give an overview of the French InsurTechs for each category. Further, for each business model category, we derive a strategic assessment of its attractiveness by combining market potential and chances of success.

KEY POINTS OF THE REPORT

Our report shows that there is a great diversity of InsurTech business models in France in 2018.

This report reveals major coverage differences between business model categories, with some drawing a dense crowd of InsurTechs, while others have only attracted one or two InsurTechs.

Finally, the report shows that there is currently a major disconnect between the level of InsurTech activity and the relative attractiveness of the underlying business models. We can thus predict that affected InsurTechs will either drop out or pivot towards more attractive business models. These expected business model shifts will be accompanied by a second wave of InsurTechs aiming straight for the most promising currently underdeveloped radar segments.

THE INSURTECH RADAR

The basis of this report is a proprietary database of the worldwide InsurTech landscape. The database contains more than two thousand InsurTechs in total, of which more than one hundred are located in France. We acknowledge it is virtually impossible to present a completely accurate picture of the relevant players, as the picture is changing constantly. Many InsurTechs begin under the radar before they become observable by a broader audience, pivot their business models or go out of business. Therefore, our database is a continuous work in progress and will change over time.

Our InsurTech Radar classifies InsurTechs by business model within the three insurance industry value chain segments proposition, distribution, and operations. Within these three segments, we have identified 19 distinct InsurTech business model categories. In many cases, a single InsurTech will combine elements of more than one business model category. We have positioned these players in the business model category which appeared to be the most relevant one for its value proposition.

Proposition

This InsurTech Radar segment focuses on companies **designing and developing** insurance-based products and services. It contains six business model categories: Low Cost, Situational, Community-based, From Insured to Protected, Risk Partner, and Digital Risks.

Distribution

This segment concerns **selling** insurance-based products and services to customers, including Business-to-Business (B2B) and Business-to-Consumer (B2C) models. Several of these business models also make use of comparison engines in one form or another. The eight categories in this segment are Direct-to-Consumer (D2C), Price Comparison Websites (PCW), Affiliate Integration, Corporate Platforms, B2C Online, Broker/ Value Comparison Websites (VCW), B2B VCW, Financial Partner, and Life Digitizers.

Operations

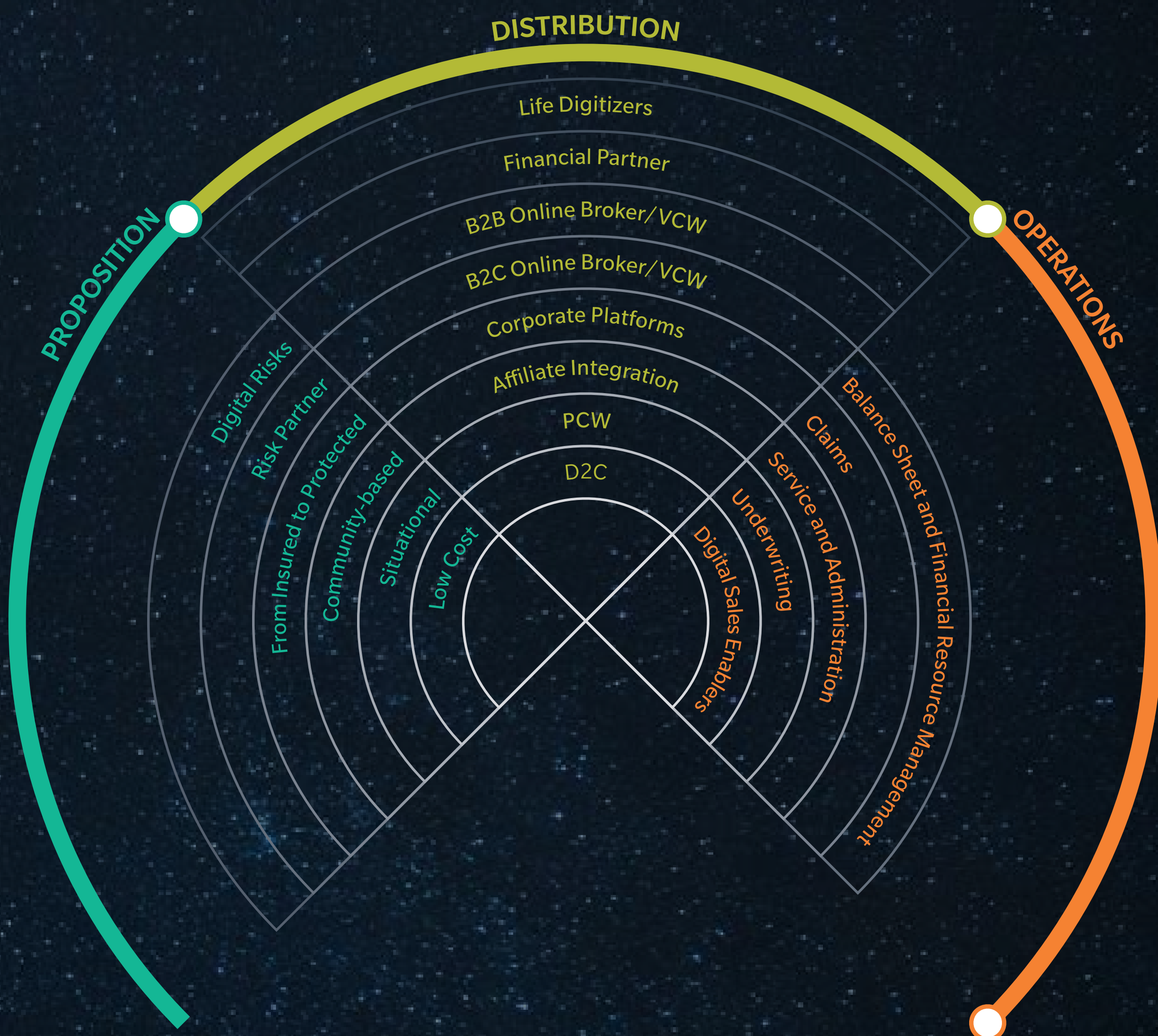
The Operations segment is about **enabling and running** insurance businesses. The go-to-market approach of business models in this segment is to play a vital role in key insurance processes, notably by improving the efficiency, customer experience or capabilities of how a risk cover is (digitally) "manufactured". The five categories in this sector are Digital Sales Enabling, Underwriting, Service and Administration, Claims Management, and Balance Sheet and Financial Resource Management.

Each of these business models has been analyzed from the dual perspective of market potential and chances of success. The strategic assessment shows an aggregated view on the overall potential by combining market potential and chances of success.

Market Potential

Each category's overall potential is assessed in terms of the size of the addressable target market, more specifically potential premium pool addressed and how much of the value chain within a premium pool can be covered by a given InsurTech business model.

Exhibit 1: InsurTech Radar



Chances of Success

Two key dimensions are considered to evaluate the chances of success: consistency and differentiation. In terms of consistency, we assessed whether a business model reflects the natural behavior of all involved parties. This is particularly critical in terms of the model's fit with the expectations of the involved parties. The second dimension is the level of business model differentiation, that is, to what extent the business model differentiates itself from existing models and can erect sufficient and sustainable entry barriers which could keep competitors at bay to help to maintain a lasting competitive advantage.

PROPOSITION

The InsurTechs in this first segment design and develop innovative insurance products and services. They currently represent 12 percent of French InsurTechs, making this the least dynamic segment in the insurance value chain in France. Six different business models can be distinguished within this segment.

In the following chapters, we will review the characteristic features of the identified business model categories and show the most active French InsurTechs for each model.

Exhibit 2: Overview of InsurTechs in the Proposition segment

PROPOSITION 12%	
1 LOW COST	• Nouga Assurances • Salutem • Simplis
2 SITUATIONAL	• Leocare • Tulip • Wilov
3 COMMUNITY-BASED	• (Inspeer) • Otherwise • Wecover • Wemind • Wizzas • Yakman
4 FROM INSURED TO PROTECTED	• Luko • Securkeys
5 RISK PARTNER	• ClimateSecure • Meteo Protect
6 DIGITAL RISKS	• Lightyshare

Source: Oliver Wyman, Policen Direkt

❶ LOW COST
WE ARE THE PRICE/ COST LEADER FOR TARGET CUSTOMERS

INSURTECH RADAR RATING

Current level of activity	●○○○○
Strategic assessment	
Market potential	●●●●○
Chances of success	●●○○○

This business model category concerns InsurTechs which – enabled by a digital operating model – emphasize the simplicity, agility and low cost of their insurance products and services in their value proposition.

This cost leader positioning is often the result of the digitalization of all or part of their operations. However, mere digitalization of distribution is insufficient to support a low-cost position over time. In a context where competition is rife on digital channels, the marketing investments required to grow successfully with a fully-direct distribution model may be prohibitively high. Establishing a durable cost leadership position will require differentiation on other aspects, such as service and administration digitalization, agile pricing, and fraud control (loss minimization).

Few InsurTechs have adopted the Low Cost model in France. Simplis and Nouga Assurances, launched in 2015 and 2018 respectively, apply the same credo of simplicity and transparency in their positioning. Alan was classified as a Low Cost startup in the previous Global InsurTech Radar, but since then, it has moved more towards the Distribution segment within the D2C business model category by emphasizing the simplicity of subscription and administration.

France's fiercely competitive landscape with a multitude of different insurance players- bancassurance, MSI, etc.- has already kept prices low in this market, making it harder to differentiate on cost as compared to other European countries. To build a real Low Cost position in this context, InsurTechs must optimize each link in the value chain (proposition, acquisition and administration).

❷ SITUATIONAL
WE PROVIDE INSTANTANEOUS SHORT-TERM COVER TO MEET YOUR CURRENT NEEDS

INSURTECH RADAR RATING

Current level of activity	●○○○○
Strategic assessment	
Market potential	●●○○○
Chances of success	●○○○○

InsurTechs which have adopted the Situational business model are riding on a fundamental customization trend. Situational insurance products offer need-based coverage for policyholders, specifically short-term coverage for individual risks arising in specific situations, known as Usage-based insurance (UBI). For example, startups are offering short-term policies covering the rental of a multimedia device for a short period of time. This business model can be linked to insurance products whose pricing factors in real-time data on usage gathered from connected objects, e.g. "pay as you drive" for car insurance.[1] This value proposition combined with the development of applications enable individuals to receive insurance on demand instantly, with a mere swipe.

The core challenge of this business model is that insurance is inherently a low-interest, low-frequency product. So while the idea of adapting insurance coverage to specific situations is promising in theory, the customer acquisition costs are often too high. As a result, many customers will sign up but not go through the trouble of using the coverage when an applicable situation arises. The key to the success of this model depends in part on the ability of startups to propose a highly convenient, hassle-free platform to increase usage by customers. A successful approach might also be the offering of situational propositions for partners that have a high-frequency interaction platform with customers or the integration of situational components in a model which has a different primary value proposition.

Only three French InsurTechs are active in this category. Similar to Trov for high value gadgets in the U.S., Leocare provides car and home insurance coverage which can be adapted on demand with a dedicated mobile app. Wilov provides "pay as you drive" insurance through a mobile application linked to a connected object plugged into the policyholder's car. The startup Valoo also offers on-demand insurance, but as part of a broader panel of services, and has consequently been placed in the Distribution – Life Digitizer segment.

❸ COMMUNITY-BASED
WE USE COMMUNITY MECHANISMS TO LOWER THE COST OF SALES OR RISK

INSURTECH RADAR RATING

Current level of activity	●●○○○
Strategic assessment	
Market potential	●●○○○
Chances of success	●●○○○

This business model concerns startups offering insurance products which make use of community mechanisms. This is a back-to-the-roots concept in which InsurTechs seek to reflect the basic principles behind mutual insurance and socializing risk. The idea is also to encourage good citizenship and minimize fraud by giving customers the sense they share the same risks. Another play in the business model category is to use "positively connoted" topics within communities to lower customer acquisition costs – in essence, by building a strong brand for a specific community. Some startups, like Lemonade in the U.S., strategically position themselves to create positive connotations with their customer base by promising to donate part of the gains to charitable organizations, but often as a supporting and not as the prime value proposition. The aim is to minimize customer acquisition costs and fraud with this approach.

The community-based category is the most populated business model category in the segment proposition within the French InsurTech ecosystem. Otherwise is trying to reinvent mutual coverage by proposing financial

1. This business model does not include insurance products which adapt pricing based on customer behavior, e.g. "pay how you drive", which are found in category 4. From Insured to Protected.

compensation mechanisms to minimize fraud -a share of the premiums of customers with the same profile is put into a common fund to cover small claims and the remaining balance is distributed to participating customers at the end of the year. With Yakman, groups of individuals can build their own self-managed insurance solutions.

Despite the large number of InsurTechs positioned on this model, the market potential and chances of success are limited. The recent market drop-out of the startup InsPeer is in line with the assessment. InsPeer offered communities a platform in which community members could volunteer to help pay the deductible on the claims of other members. Consumer interest for community-based insurance products remains low, while community mechanisms work best if there is an emotional connection to a topic. The community-based model is thus expected to develop essentially in specific niches.

❹ FROM INSURED TO PROTECTED
WE NOT ONLY INSURE YOU BUT ALSO PROTECT YOU

INSURTECH RADAR RATING

Current level of activity	● ○ ○ ○ ○
Strategic assessment	
Market potential	● ● ● ● ●
Chances of success	● ● ● ● ●

InsurTechs in this category aren't primarily concerned with insurance products, but rather with the promise to deliver "more than just insurance coverage", that is, to take care of customers' needs and improve their well-being. Insured to Protected businesses promise to take care of the issues a customer is facing, not just to sell them insurance cover in case something goes wrong. They can deliver on this promise by using connected Internet-of-Things (IoT) devices to prevent and reduce risk or send alerts when a negative risk event occurs. Their products and services may be rounded up with post-claim assistance and support services.

In France, Luko is the only InsurTech that has explicitly hinged its business model on this value proposition. In addition to online home insurance, Luko offers a set of sensors which customers connect to their residence to reinforce protection, e.g. door sensors to warn of intrusions, water- and electric-meter sensors to prevent or rapidly detect leakage or fire hazards.

This category is very attractive insofar as it tackles a core problem: that insurance is a low-interest product. Companies in this category are adding something more interesting to a combined package. Unfortunately, from the view of pure InsurTech startups or established insurers, it is likely that non-insurance players with good customer accesses and a high level of credibility will successfully enter the market with such a value proposition.

5 RISK PARTNER
WE NOT ONLY PROVIDE INSURANCE PRODUCTS, BUT ENSURE YOU HAVE EXACTLY THE RIGHT COVERAGE FOR YOUR PARTICULAR SITUATION

INSURTECH RADAR RATING

Current level of activity	●○○○○
Strategic assessment	
Market potential	●●●●●
Chances of success	●●●○○

The Risk Partner business model is based on a value proposition which aims to democratize the notion of tailoring and customization which was formerly reserved for large corporations. The InsurTechs in this category currently focus on small and medium businesses, but some are starting to target consumers as well. To the extent that developing individually tailored coverage is usually quite expensive, InsurTechs attempt to lower costs by using new risk analysis and coverage tailoring technologies. These technologies also promise to adapt flexibly to the risk profile of the policyholder through the use of artificial intelligence. Some startups are developing Chatbots which can automatically generate customized policies by transcribing customer-stated risks.

By automating both, the payment of claims and the tailoring of the desired level of coverage based on various public indexes, parametric insurance facilitates the emergence of the Risk Partner model. In the future, combining this technology to assemble insurance contracts into sets of modular mini-policies based on private indexes could considerably expand the scope of Risk Partner insurance. To enable this, the provider needs micro-scalable insurance policies so that it can adapt the coverage at a granular level.

Several InsurTechs have started to offer this value proposition, albeit limited to parametric insurance. ClimateSecure provides, for instance, tailored prevention and coverage solutions based on exposure to meteorological risks. Payment on claims is triggered by the measurement of adverse meteorological conditions published by public indexes.

This model has great market potential, but will probably be captured by established insurers. Internationally, we have seen the emergence of some interesting business models. Some have developed digital platforms that allow for full flexibility on both, the scope of coverage and the contract duration. Others seek to cover a broad range of risks in one highly flexible contract which can be quickly adopted to changing customer needs.

6 DIGITAL RISKS
WE COVER RISKS THAT COME WITH DIGITAL TECHNOLOGY OR DIGITALLY ENABLED MODELS

INSURTECH RADAR RATING

Current level of activity	●○○○○
Strategic assessment	
Market potential	●●●●●
Chances of success	●●●●○

This business model focuses on new risks which are emerging with the development of digital technologies.

Cyber insurance, for example, covers losses and damage from cyber-attacks on digital systems. US-based Zeguro, as one example, offers a cyber insurance platform to help small and medium businesses assess and mitigate cyber risk, while providing them with low-cost, effective cyber insurance.

Moreover, new risks connected with the sharing economy or in the area of online reputation are beginning to appear. Airbnb, for instance, provides access to protection for its users who are subletting their apartment, automatically covering certain risks. Finally, this category includes the high-growth segment of property and casualty insurance dedicated to new forms of independent and freelance work (gig economy). Several InsurTechs, such as Zego in the UK, specialize in this segment.

InsurTechs in this category are still spare on the ground in France. LightyShare has built a general insurance solution for the P2P rental of objects within its community platform.

The InsurTechs in this category are faced with major insurance industry incumbents (insurers and brokers) which far surpass them in scale and expertise and which have identified the cyber insurance segment as a high-priority source of growth.

ASSESSMENT

With 12 percent of French InsurTechs (as opposed to ~20 percent worldwide), the Proposition segment is currently less developed in France than in other parts of the world. Players in this segment must cope with an intensively competitive market and difficulties converting customers who remain attached to traditional insurers. Nonetheless, we anticipate growth in this segment, specifically with the arrival of innovative new proposals from other geographies which could decide to tackle the French market as well.

DISTRIBUTION

All of the InsurTechs in this segment rely on innovative digital platforms to reach their customers. Nearly 42 percent of French InsurTechs are now active in this segment.

1 D2C
SUBSTITUTE THE MIDDLEMAN WITH DIGITAL TECHNOLOGY

INSURTECH RADAR RATING

Current level of activity	●●●●●
Strategic assessment	
Market potential	●●●○○
Chances of success	●●○○○

This business model includes InsurTechs which use digital technology to distribute their insurance products and services directly to businesses and consumers. These startups capitalize on a cost advantage and the convenience of their platform for users (immediacy, transparency, fluidity, etc.). The main goal for these InsurTechs is to build a well-known brand and reputation which will put them in a prime position as a go-to digital site for potential customers, a difficult undertaking considering that the competition is just one click away.

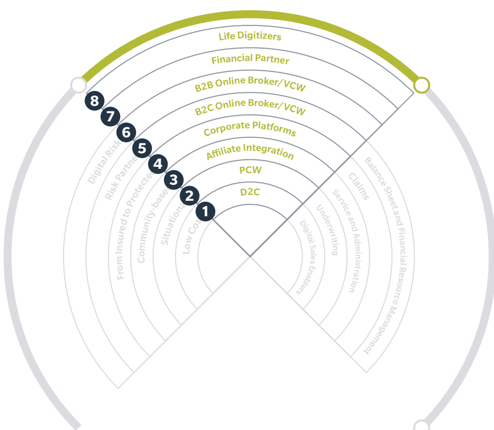
Startups in this category, like the well-known Oscar in the U.S. may change their business model in the future by proposing services focused more on risk prevention and customer support of a broader scope than traditional insurance offerings.

Many InsurTechs in France have adopted this model. Most seek to differentiate themselves by emphasizing a specific facet of their value proposition.

InsurTechs in this area mostly focus on life insurance and retirement savings products. Alan, which offers online health insurance for businesses and their employees is currently getting the most media attention, having raised €37 million in funding since it was created in 2016. Startups like Nalo start by determining a customer's individual needs and goals including specific financial projects and from that analysis offering ETF based online life insurance products. Sapiendo differentiates itself by proposing professional advice in the form of online reviews of the current retirement status and subsequent retirement plan optimization to close the gaps, while a player like Cocoon distributes health and supplemental retirement coverage online to consumers by emphasizing simplicity, immediacy and transparency. Wedou and Zen'Up focus on loan insurance. In the general insurance arena, Lovys aims to distribute flexible all-in-one insurance products for smartphones, bikes and – planned – homes and cars.

Success in this category depends on controlling online customer acquisition costs including brand investments. InsurTechs face growing competitive pressure from established insurance companies who have been advertising in this area for many years and who can typically build on strong brands and large existing customer base.

Exhibit 3: Overview of InsurTechs in the Distribution segment



DISTRIBUTION **42%**

1 D2C

- Alan
- Assurances Vélo
- Baloon Assurances
- Cocoon
- Coverlife
- Garant me
- Loker
- Lovys
- MaRetraite.fr
- MaSuccession.fr
- Nalo
- Opus Mutuelle
- Sapiendo
- Tipi
- Wedou
- Youse
- Zen'Up

2 PCW

- Acommeassure
- AOC Insurance Broker
- Assur.com
- Bankizy
- ComparEthic
- Garantie-decennale.maison
- InstantASSUR
- Le-Jeune-Conducteur.com
- Mon Auto Assure
- Mon Bonus Malus
- My Match Maker
- Réassurezmoi
- SpeedTarif

3 AFFILIATE INTEGRATION

- Hestia Connexio
- Hokodo
- Moonshot-Internet

4 CORPORATE PLATFORMS

- N/A

5 B2C ONLINE BROKER/VCW

- Fluo
- Myeggbox
- Promis
- Qape
- Sheriff

6 B2B ONLINE BROKER/VCW

- Assurances.tech
- AssurUp
- Kelip's Assurance
- Phileass
- +Simple.fr

7 FINANCIAL PARTNER

- ActiveSeed
- Birdee
- Grisbee
- LaFinBox
- Mieuxplacer.com

8 LIFE DIGITIZERS

- Domos Kit
- Izifamily
- JeChange
- Lily facilite la vie
- Papernest
- Testamento
- Valoo

Source: Oliver Wyman, Policen Direkt

2 PRICE COMPARISON WEBSITES (PCW)
WE SAVE YOU MONEY

INSURTECH RADAR RATING

Current level of activity	●●●●○
Strategic assessment	
Market potential	●●●●○
Chances of success	●●○○○

InsurTechs in this category use website-based comparison engines to enable prospects to compare insurance products and their prices quickly and intuitively. Some PCW are generalists, like Assur.com and AcommeAssure, offering insurance comparisons in multiple insurance lines. Historical leaders in the French online insurance comparison landscape, such as Le Lynx, Les Furets, Hyperassur, Assurland, etc.), are generalists created well before the arrival of the recent wave of InsurTechs. For the purpose of this report, they were not counted as InsurTechs. In the PCW category, we also observe specialized comparison sites concentrated on specific (niche) insurance needs, such as young drivers, ten-year home building guarantees, or My-Match-Maker (health insurance for expatriates).

This category is very popular with French InsurTechs. More than 10 percent of the startups identified in this report can be found here.

This business model category offers limited chances of success for InsurTechs. While the French insurance online comparison market is still growing, it remains relatively narrow. It is already dominated by a few historical PCWs with huge online marketing budgets; therefore, making customer acquisition a costly exercise for new entrants.

3 AFFILIATE INTEGRATION
INSURANCE EMBEDDED IN A PARTNER OFFERING

INSURTECH RADAR RATING

Current level of activity	●○○○○
Strategic assessment	
Market potential	●●●○○
Chances of success	●●●●○

The Affiliate Integration business model category offers a method of embedding the sale of an insurance product into the business process of a partner organization, today mainly e-commerce shops. The insurer or broker thus forms a partnership with the distributor of the affiliated product. This type of partnership already exists today with distributors of banking products, cars, supermarkets, telecommunications, etc. These distributors may use physical points of sale or distribute online. The rising power of e-commerce, and the desire of distributors to improve profit margins, the development of new technologies (e.g. API) and the efficiency of context-based insurance sales are major growth drivers for this so called business-to-business-to-customer (B2B2C) model which could be leveraged by InsurTechs.

The French landscape is still in its early development stage. Hestia Connexio offers affinity-based insurance solutions for multimedia objects. Moonshot-Internet proposes context-based insurance services for online shopkeepers.

Some insurers and brokers have longstanding B2B2C affiliations on this market and have already captured the biggest affiliation opportunities. InsurTechs would hence be forced to position themselves initially with small and medium companies or independent distributors.

The B2B market also offers attractive potential for InsurTechs to develop the Affiliate Integration model online. For instance, the InsurTech Hokodo offers credit insurance solutions which can be easily integrated by partners via an API.

❹ CORPORATE PLATFORMS
WE DELIVER INSURANCE TO EMPLOYEES

INSURTECH RADAR RATING

Current level of activity	○ ○ ○ ○ ○
Strategic assessment	
Market potential	● ● ● ○ ○
Chances of success	● ● ● ● ●

InsurTechs that are active in Corporate Platforms typically aim to sell insurance products to employees via corporates, very often as part of a larger digital platform offering. A popular model here involves the InsurTech delivering free or discounted HR software to employers, which then serves as a platform to sell employee benefits. Limelight and Zenefits in the U.S. or Employment Hero in Australia provide successful examples of this approach.

At this stage, no French InsurTech has been identified in this category. Could this be an opportunity for new startups?

❺ B2C ONLINE BROKER/VCW
WE OPTIMIZE YOUR PERSONAL INSURANCE COVERAGE

INSURTECH RADAR RATING

Current level of activity	● ○ ○ ○ ○
Strategic assessment	
Market potential	● ● ● ● ○
Chances of success	● ● ○ ○ ○

B2C Online Brokers want to replace the traditional, physical insurance broker. They often promise customers a complete and simple assessment of their existing insurance coverage, as well as the means to optimize it by helping them find the best value for the money. These InsurTechs position themselves on a broad range of insurance products and aim to form a lasting relationship with their customers.

The goal of this business model is to sell an online service around a low-interest product for the end customer. This model is particularly developed in Germany and Switzerland (Clark, Knip, etc.) and some InsurTechs have shifted their approach to supply online insurance optimization solutions for partners which already possess a customer base.

In France, generalist (Fluo, Sheriff) or more specialized (Promis for businesses) InsurTechs have started to address this market opportunity. Some of them allow customers to send photos of their insurance policies to receive tailored coverage optimization advice.

6 B2B ONLINE BROKER/VCW
WE OPTIMIZE YOUR CORPORATE INSURANCE COVERAGE

INSURTECH RADAR RATING

Current level of activity	●●○○○
Strategic assessment	
Market potential	●●●○○
Chances of success	●●○○○

B2B Online Brokers target freelancers, tradesmen, startups and SMEs. They make use of web-basedvalue comparison websites (VCW) often based on proprietary product comparison and price simulation engines. They generally offer customers different access channels and typically complement their digital offer with expert advice via phone.

In France, the activity level in this category is relatively high with InsurTechs like AssurUp, Kelip's Assurance or +Simple.fr proposing insurance products and services to businesses online. These players nonetheless face fierce competition from dense traditional networks (brokers, agents, etc.) who physically visit business workplaces and offer good expertise and a close relationship.

7 FINANCIAL PARTNER
TAKING CARE OF YOUR PERSONAL FINANCES

INSURTECH RADAR RATING

Current level of activity	●○○○○
Strategic assessment	
Market potential	●●●●○
Chances of success	●●●●○

The players in the Financial Partner category claim to advise customers on banking and savings products as well as on insurance products based on digital solutions. Most of the players in this area were founded as FinTechs focused on banking that subsequently extended their products and service offerings into neighboring fields of business, such as insurance. The Financial Partner offering starts with an assessment of the customer's assets, professional and family situation, plans, appetite for risk and financial maturity. These startups generally rely on integrated software applications that take into account a complete and transparent picture of the customer's loans, cash flows and savings through account aggregators. They then aim to suggest automatic tailored asset allocation and management services based on machine learning algorithms.

In France, Grisbee and LaFinBox describe themselves as web-based digital coaches.

InsurTechs in this category are positioned on a very broad market, in which the integration of digital tools helps these players to reach a much wider audience (mass market) with customized services than the high end customer segments typically addressed by traditional asset managers. However, these players are confronted with very strong competition from established banks and new Greenfield challenger banks which are also developing their own aggregation and digital financial advisor offerings.

❽ LIFE DIGITIZER
WE HELP YOU TO GET RID OF YOUR PAPER FOLDERS

INSURTECH RADAR RATING

Current level of activity	●●○○○
Strategic assessment	
Market potential	●●○○○
Chances of success	●●●○○

Life Digitizers offer customers easy and intuitive platforms to store their contracts and (official) documents. Although these startups are not necessarily InsurTechs in a narrow sense, they also store insurance policies. Some platforms go one step further offering an online inventory of the physical assets of users in order to propose insurance coverage adapted to their various possessions, in a second phase. US-based Trov offered an inventory of everyday objects before pivoting to on-demand insurance sales. Another potential source of value is found in the analysis of personal documents to extract information on the customer's situation in order to propose optimized insurance coverage. Other startups describe their data hosting services as a virtual personal document storage vault or as a heritage (legacy) management platform.

We observed a fairly dynamic level of activity in this category in France. Startups offer to store different insurance policies to facilitate their analysis and switching product vendors including insurers (JeChange). Others explicitly offer to help customers change their home insurance policies following a move (Domos Kit, Papernest). A startup like Valoo, which allows individuals to establish an inventory of their assets, subsequently suggests on-demand insurance services, available with a simple swipe on its application, akin to Trov.

ASSESSMENT

With 42 percent of French InsurTechs, the relative importance of the Distribution segment in France is generally aligned with that of the other geographies analyzed. However, we expect relative importance of individual business model categories within the distribution segment will change in the future.

Indeed, an overabundance of D2C and PCW models can be observed in France but their chances of success in these categories are only moderate, mainly due to the massive brand and reputation investments required to capture new customers online in an intensely competitive environment. Customer acquisition costs will pose a real problem here. Consequently, it seems highly probable that these two categories will be less dominant going forward, giving way to other more attractive categories.

Another interesting finding is that the InsurTechs of the Distribution segment are particularly innovative on the life insurance and savings market. This leaves room for new players focusing on P&C insurance. It also shows the French market allows InsurTechs to differentiate themselves in the inherently complex life insurance area.

Finally, the Financial Partner model remains relatively untouched by French InsurTechs, despite the fact that French insurers have started with integrated bancassurance offerings very early and have become quite successful here. BNPP Cardif and Axa are leading the field. The ability of the industry to reinvent itself and maintain this dominant position will thus depend in large part on the innovation dynamic of traditional incumbents (insurers or brokers).

OPERATIONS

The five categories in this segment all focus on using digital technologies to improve the processes involved in designing, selling, underwriting and managing insurance risk-coverage solutions. Recent advances in digital technology, such as blockchain, big data, Internet of Things (IoT) and artificial intelligence continually create new opportunities for innovative solutions. In this report, we do not cover pure technology companies that offer general "horizontal" solutions based on these technologies, although they might be applied to insurance. Nor do we cover "vertical" innovations in functions like digital marketing, which are not insurance-specific. Our focus is on insurance-specific "vertical solutions," such as the application of new technologies to novel means of distributing insurance and managing claims. We did not include general tech plays which can also be applied to the insurance industry (e.g. Quantcube or Predictice).

The level of activity in this segment is the highest in the French landscape, with 46 percent of active InsurTechs.

❶ DIGITAL SALES ENABLERS

WE DIGITALLY ENABLE YOUR SALES FORCE

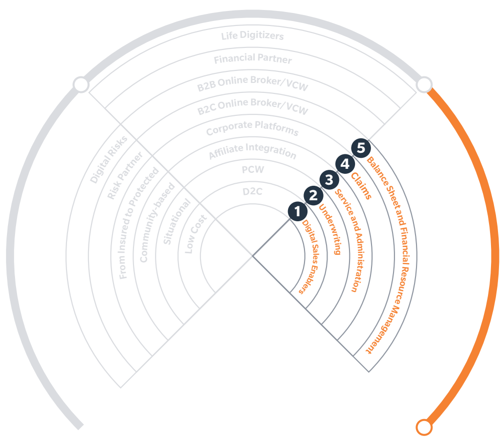
INSURTECH RADAR RATING

Current level of activity	●●●●●
Strategic assessment	
Market potential	●●●●○
Chances of success	●●●●○

InsurTechs in this category provide solutions either to optimize the effectiveness and efficiency of selling insurance products online or to digitally enhance traditional sales processes. One play within the segment is to focus on assisting sales-force teams, providing them with relevant digital tools, such as insurance-needs assessments, tariff calculators, and other web-based insurance toolkits. Other InsurTechs specialize in providing fully digitalized insurance contract manufacturing tools. Finally, some propose solutions aimed at optimizing lead generation.

Digital Sales Enablers dominates the French InsurTech scene in 2018. An InsurTech like Minalea offers a robo-advisor for insurance distribution network sales reps, which scans and analyses products on the market to propose a customer-specific pitch. Choov offers insurers a platform to explain the insurance coverages, terms and conditions in a more simplified approach to the end customer, while remaining compliant with regulatory obligations. Widmee and Blue DME support insurers in digitalizing their sales processes. Finally robo-advisors with a B2B offering in life insurance like Fundvisory, Advize and Fundshop also populate the French InsurTech landscape in this category.

Exhibit 4: Overview of InsurTechs in the Operations segment



OPERATIONS: 46%

1 DIGITAL SALES ENABLERS

- Advize
- AssurDeal
- AssurWare
- Blue DME
- Choov
- Digital Insure
- Easyprice
- FundShop
- Fundee
- Fundvisory
- Lifesquare
- Marie Quantier
- Minalea
- Netheos
- Neuroprofiler
- PrimeRadiant
- Silverstark
- SPS
- Utwin
- WeAssur
- WeSave
- Widmee
- Yomoni

2 UNDERWRITING

- Actu Data
- DreamQuark
- DriveQuant
- Drust
- Ellis Car
- ExtraDrive
- Khresterion
- Oocar
- Optivvia
- Road B Score
- ZenWeShare

3 SERVICE AND ADMINISTRATION

- Care Labs
- Fasst
- KMS
- Mister DOE
- Particeep
- Proxegia
- QualitAdd
- QualyCloud
- Scorée
- Stratumn
- Upsideo
- Utocat
- Yseop
- Zelros

4 CLAIMS

- Addon-acs
- Declasin
- Exo.expert
- HS Data
- Liberty Rider
- Monuma
- OuiClick
- Pack'n Drive
- Qalyo
- Shift Technology
- WeProov

5 BALANCE SHEET AND FINANCIAL RESOURCE MANAGEMENT

- Active Asset Allocation

Source: Oliver Wyman, Policen Direkt

❷ UNDERWRITING
WE OPTIMIZE YOUR UNDERWRITING DECISIONS

INSURTECH RADAR RATING

Current level of activity	●●●○○
Strategic assessment	
Market potential	●●●●○
Chances of success	●●●●●

InsurTechs in this category offer digital solutions to optimize the speed and quality of underwriting processes and decisions to enable new insurance propositions.

Several rely on IoT/telematics technologies and customer behavior analysis tools to gain a better understanding of incurred risks and relevant preventative measures. InsurTechs like Oocar and DriveQuant for example deploy connected-car solutions on behalf of insurers.

Startups like DreamQuark are developing A.I. based applications to facilitate the development of insurance scores for assessing e.g. the legitimacy of customer claims.. ZenWeShare is working on determining behavioral and psychological profiles of insurance customers based on their interactions on insurance web sites to increase conversion rates.

Underwriting is an increasingly sophisticated process with great impact on the bottom line for insurers. Any solutions which may enhance underwriting decisions are consequently highly attractive. InsurTechs may have a major competitive advantage as they develop scale and expertise by working for several insurers.

❸ SERVICE AND ADMINISTRATION
WE OPTIMIZE YOUR SERVICES AND ADMINISTRATIVE PROCESSES

INSURTECH RADAR RATING

Current level of activity	●●●●○
Strategic assessment	
Market potential	●●●●○
Chances of success	●●●○○

InsurTechs in the Service and Administration category offer core business platforms that aim to improve the efficiency and effectiveness of an insurer's core insurance and administrative processes.

A number of French startups are implementing generic Robotic Process Automation (RPA) solutions to automate the processing of data. These have not been included in this report, because their solutions typically cut across many industries and are not particularly focused on the insurance industry.

French startups are particularly active in this category, which encompasses 11 percent of all InsurTechs identified in 2018. These InsurTechs propose solutions for a wide variety of situations. Care Labs, for example, designs and manages computerized third-party payer services for health insurers. Particeep offers an API simplifying the underwriting and administration of policies distributed by partners. Zelros is developing machine-learning enabled virtual assistants that can understand natural language and better understand customer profiles, make tailored product suggestions and automate the claims management processes.

Service and Administrative InsurTechs meet a strong and lasting need of insurers to improve their operational excellence. However, they must cope with growing competition from generalist technology players, especially for objectives that are not specific to insurance.

4 CLAIMS
WE OPTIMIZE YOUR CLAIMS PROCESSES AND DECISIONS

INSURTECH RADAR RATING

Current level of activity	●●●●○
Strategic assessment	
Market potential	●●●●●
Chances of success	●●●●●

InsurTechs in this category seek to improve the efficiency and effectiveness of the claims process, by mitigating fraud, facilitating decision making, improving the claims handling process and customer experience.

With 9% of identified InsurTechs the Claims category is relatively active in the French startup landscape.

Well-known Shift Technology is the company that is generating the highest public attention, after raising funds of $28 million in late 2017 and given its quick rise on the international scene. This player deploys an A.I.-based fraud detection system in car, home and health insurance. In a few short years, Shift Technology has become almost a must for car insurers in France. The company is now investing in automating claims management.

WeProov offers a digital self-service claims declaration tool. Other InsurTechs have specialized in niche markets. Liberty Rider, for instance, detects motorcycle accidents to accelerate emergency assistance. Exo.Expert has developed a drone-based expertise solution for agricultural claims.

Claims management is a key activity for insurers, and insurers can boost technical results and customer satisfaction by optimizing it. The constraints specific to claims management also protect InsurTechs in this category from being overtaken by generalist technological players.

5 BALANCE SHEET AND FINANCIAL RESOURCE MANAGEMENT
WE OPTIMIZE YOUR FINANCIAL PROCESSES AND DECISIONS

INSURTECH RADAR RATING

Current level of activity	●○○○○
Strategic assessment	
Market potential	●●●○○
Chances of success	●●○○○

This category includes the use of digital technologies in a key area for insurance companies: financial and investment management, including asset liability management (ALM), risk assessment, as well as tapping into alternative sources for reinsurance or capital.

That being said, very little business is conducted in France in this category. The Active Asset

Allocation is an InsurTech providing institutional third parties, pension funds and fund managers with innovative risk-management based allocation solutions.

We predict that new technologies, such as blockchain, will ultimately boost the development of new InsurTechs in this category – in France as well as internationally.

ASSESSMENT

The Operations segment appears to be particularly well developed in France, with 46 percent of all identified InsurTechs, demonstrating a strong collaborative rationale between French InsurTechs and established insurance players.

From our perspective, we expect a gradual alignment of other markets on France; with the emergence of startups positioned not as competitors to established insurers, but as their technological partners to support them along the entire insurance value chain.

In addition, many innovative models have been observed in the life insurance and savings market, and France appears – once again – to be different from other international insurance markets.

CONCLUSION

In recent years, French startups have benefitted from a generally favorable environment. The "French Tech" initiative launched by the government has driven the growth and spread of French digital startups in France and abroad. The "Station F" startup campus is now one of the most dynamic in Europe. As a result, InsurTechs in France have developed very rapidly, despite having had a slower start compared to other European countries (e.g. UK and Germany).

In addition, InsurTechs have greater access to financing, as shown by the examples of Blackfin and Truffle Capital, two funds focused on FinTechs, which have expanded their scope of action to invest in InsurTechs, on the French and European market. Also astorya.vc, one of the first funds specializing in tech-driven early stage InsurTechs, is investing in startups in France and in other European countries.

What is more, insurers are now more dynamic and are actively seeking investment and collaboration opportunities with InsurTechs. Some have allocated very significant investment envelopes dedicated to InsurTechs, and sometimes entrust the administration of these funds to venture capital experts.

It is therefore very logical to witness the development of a rich ecosystem of InsurTechs in France, alongside a few emblematic successes like Alan and Shift Technology. With 131 InsurTechs identified in 2018, the French market has become one of the most dynamic in Europe.

French InsurTechs also represent a great diversity of business models. They cover 18 of the 19 identified models (only the "Corporate Platform" model is currently not represented).

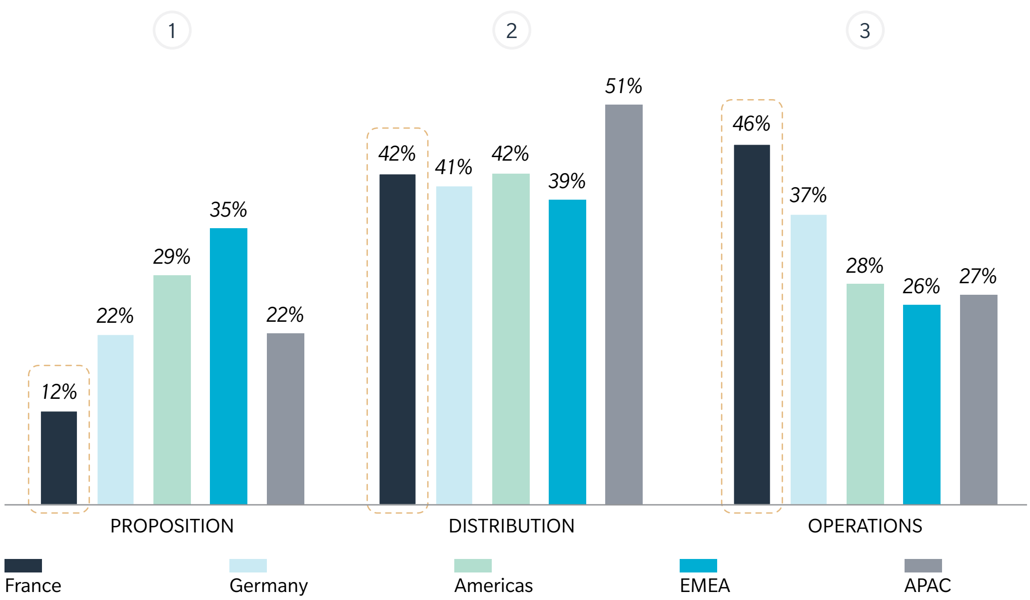
Relative to other countries, the French market is particular in its underrepresentation (12 percent) of InsurTechs in the "Proposition" segment and the relative overrepresentation (46 percent) of InsurTechs in the Operations segment. In other words, French InsurTechs lean towards a more collaborative model with traditional insurance players, in which they focus on models aimed at facilitating parts of the value chain (sales, underwriting, management, etc.) on behalf of established insurers. In short: more cooperation, less confrontation.

Nonetheless, the most popular business models for French InsurTechs are not always the most attractive ones. There is even a striking discrepancy between the current level of activity of some models and their overall attractiveness. Some models are already covered by a great number of InsurTechs, such as D2C and PCW models, despite the fact that their chances of success appear to be limited. Conversely, some of the most attractive models in terms of future potential and chances of success for InsurTechs are almost untouched today in France, e.g. Risk Partner and, especially, From Insured to Protected.

This discrepancy will probably cause a large number of French InsurTechs to disappear or rapidly change course to reposition themselves on the more attractive segments. This is what is already happening, for example, with robo-advisors in life insurance, which migrated from a pure D2C model to a Digital Sales Enabling model in the Operations segment.

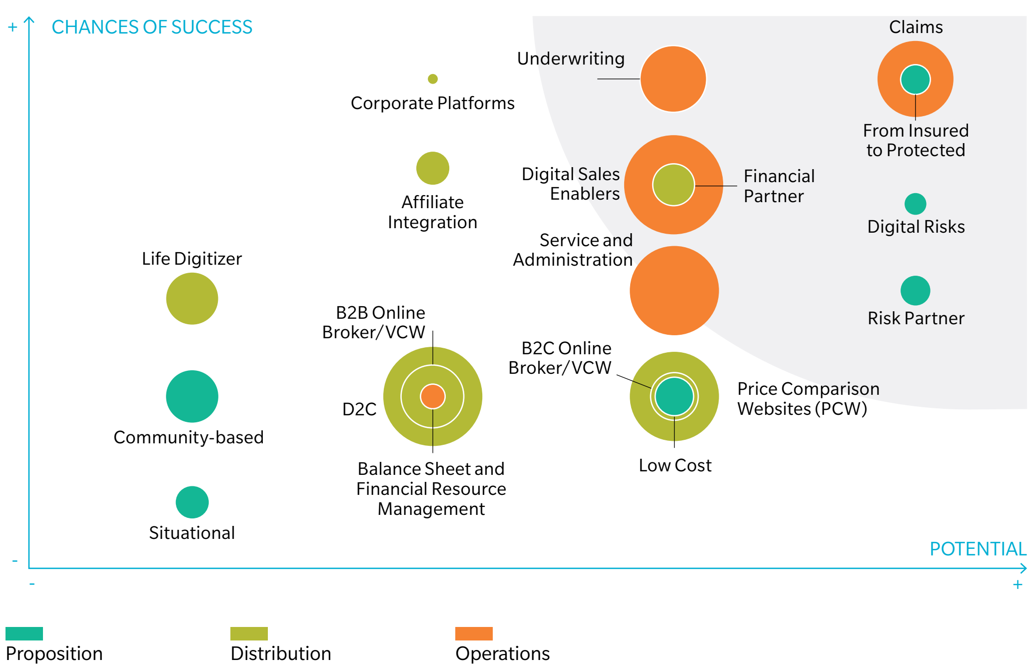
In this context, we certainly expect to witness a second wave of new InsurTechs positioned on high-potential market models with greater chances of success.

Exhibit 5: % of InsurTechs in each segment by geography



Source: Oliver Wyman, Policen Direkt

Exhibit 6: Current level of activity relative to attractiveness (Potential x Chances of Success) of InsurTech models in France



Note: Size of bubble is proportional to the current level of activity

Source: Oliver Wyman, Policen Direkt

ABOUT OLIVER WYMAN

Oliver Wyman is a global leader in management consulting. With offices in 50+ cities across nearly 30 countries, Oliver Wyman combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation. The firm has more than 4,700 professionals around the world who help clients optimize their business, improve their operations and risk profile, and accelerate their organizational performance to seize the most attractive opportunities. Oliver Wyman is a wholly owned subsidiary of Marsh & McLennan Companies [NYSE: MMC].

For more information, visit www.oliverwyman.com. Follow Oliver Wyman on Twitter @OliverWyman.

AMERICAS
+1 212 541 8100

EMEA
+44 20 7333 8333

ASIA PACIFIC
+65 6510 9700

ABOUT POLICEN DIREKT

The Policen Direkt Group, based in Frankfurt, Germany, was founded over ten years ago as a start-up in the insurance industry. With a novel business model, the aim was to provide added value to end customers by extending the insurancevalue chain: life insurance resale in the secondary market on a newly created, proprietary technology-based platform. Since its establishment, the buying and selling of policies have been operated mainly via digital channels. The Group also operates a platform for consolidating and digitalizing the established insurance brokerage market. Policen Direkt has successfully founded its own InsurTechs in the fields of business, annex and P&C insurance, invested in young companies, and is a sparring partner of founders and investors interested in the insurance market.

Additional information can be found at: www.policendirekt.com. Follow Policen Direkt on Twitter @PolicenDirekt.

AUTHORS

DIETMAR KOTTMANN
Partner, Germany
Dietmar.KottMann@oliverwyman.com
+49 157 73 75 41 80

DAMIEN RENAUDEAU
Partner, France
Damien.Renaudeau@oliverwyman.com
+33 6 38 9713 33

MATHIEU SÉBASTIEN
Partner, France
Mathieu.Sebastien@oliverwyman.com
+33 6 76 98 80 33

NIKOLAI DÖRDRECHTER
Fin/InsurTech expert, Co-Founder
Policen Direkt, Germany
doerdrechter@policendirekt.com
+49 69 900 219 112

www.oliverwyman.com

www.policendirekt.com

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