Traditional insurers and insurtech start-ups have little in common – other than a shared future. How can they capitalize on their respective strengths to create successful, profitable partnerships?

**INSURERS**
- Some more than 300 YEARS OLD
- Traditionally CONSERVATIVE
- Entrenched LEGACY

**INSURTECHS**
- Some less than 300 DAYS OLD
- Rapidly DISRUPTIVE
- Inherent AGILITY

**Q:** What is the biggest challenge facing insurtech start-ups?

**A:** To understand the industry deeply. Start-ups with little or no prior knowledge of the insurance industry struggle to quickly demonstrate their value proposition. Our approach to new partnership is simple; we open the discussion by sharing why we exist, and ask in return why the insurer exists. If the ‘why’ of the insurer resonates with ours, then the basis of understanding exists.

**INSURTECH INVESTMENTS**
- Banks started the fintech journey earlier, and have more mature innovation strategies
- Insurers have been slower to progress
- Insurtech is driven primarily by personal-lines P&C insurance, but life is gaining momentum
- Most of the investment is in big data & analytics, artificial intelligence and the Internet of Things

**NUMBER OF INSURTECH DEALS INVOLVING ANALYTICS AND BIG DATA, ARTIFICIAL INTELLIGENCE AND INTELLIGENT AUTOMATION, AND INTERNET OF THINGS.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Analytics / Big Data</th>
<th>AI / Intelligent Automation</th>
<th>IoT / Connected Insurance</th>
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<tr>
<td>2015</td>
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<td>26%</td>
<td>5%</td>
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**INSURER INVESTMENTS**
- Insurers, as a proportion of the total number of insurtech deals, increased almost five times from 3% in 2014 to 14% in 2016.

**PROFITING FROM THE MISMATCH**

**INSURERS SHOULD**
- Develop your overall innovation agenda, then determine where insurtech sits
- Embrace innovation as part of your everyday business, across the entire organization
- Develop a culture that fosters innovation, driven by the C-suite, with effective incentives
- Understand the market and the business challenge that the solution addresses
- Ensure your proposition is clear, concise and relevant to that specific challenge

**INSURTECHS SHOULD**
- Understand the market and the business challenge you are solving for
- Ensure your proposition is clear, concise and relevant to that specific challenge
- Look beyond personal-lines P&C insurance, which most insurtechs are targeting
- Be patient, and support traditional insurers on their cultural and technological journeys
- Determine where the solution and business benefit sit
- Adopt a flexible partnering approach, and consider forming broader ecosystems

**DESPITE FUNDAMENTAL DIFFERENCES, INSURANCE COMPANIES AND INSURTECH START-UPS ARE REALIZING THEY NEED EACH OTHER.**

The mismatch between insurers and insurtechs poses a challenge, as traditional companies look to digital partners to help them transform. The challenge for traditional insurers is to scale up digital investment, and for insurtechs is to move beyond the traditional personal lines market. By forming broader ecosystems, insurers and insurtechs can unlock the full potential of innovation and create value for all stakeholders.