## PitchBook



VC trends and emerging opportunities





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# Q2 2022 timeline

### April 14

News

Apr 1

Reinsurer Swiss Re closes a "first of its kind" stop-loss transaction that combines bank financing (from JP Morgan) with insurancelinked securities (ILS). This type of reinsurance provides protection from severe underwriting loss over the next five years.

### May 24

News

Insurtech companies Zebra, an insurance marketplace that raised \$350M+ in VC, and Coterie, a small business insurer that raised \$70M+ in VC, both announce significant layoffs. Marketplace Policygenius (raised \$400M+) also announces a 25% layoff a week later.

### June 22

VC deal

VC deal

Ledger Investing, a ILS marketplace, raises a \$75 million Series B at more than 5x its previous valuation. Tech-enabled ILS is a burgeoning insurtech opportunity that we highlighted last year.

### **May 17**

News

Mercedes Benz offers customers telematics insurance via Swiss Re's Movingdots. Mercedes has been offering insurance to customers since 2017 but is expanding insurance options via its app. We expect most if not all auto OEMs to offer embedded car insurance by the end of the decade.

May 1

### June 7

News

Ally Bank launches an insurance marketplace to let customers compare and shop for policies. We expect relationships between banking and insurance to become closer in the US to mirror that of the rest of the world.

un 1

### June 24

Cyber insurtech Coalition raises the largest VC deal of the quarter, a \$250 million Series F from Allianz X, Valor Equity Partners, and Kinetic Partners Management. The funds will be used for international expansion and to build new services.

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### Q2 VC deal count summary

133 total deals

-22.2% QoQ growth

-34.2% YoY growth



# **Insurtech VC ecosystem market map**

Click to view the interactive market map on the PitchBook Platform.

Market map is a representative overview of venture-backed or growth-stage providers in each segment. Companies listed have received venture capital or other notable private investments.

Property & casualty	Health & life	Commercial	Adminis
∽ Auto	∽ Health	Business liability	→ Billing
→ Home		└─→ Cyber insurance	← Claims
	- Life		
<ul> <li>→ Micro- &amp; non-traditional personal insurance</li> </ul>		Employment	-
- Pet insurance		• Loss protection	CRM 8
- Renters			

### tration & claims

& collections

s & settlement

a policy serving



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# **Insurtech VC ecosystem market map**

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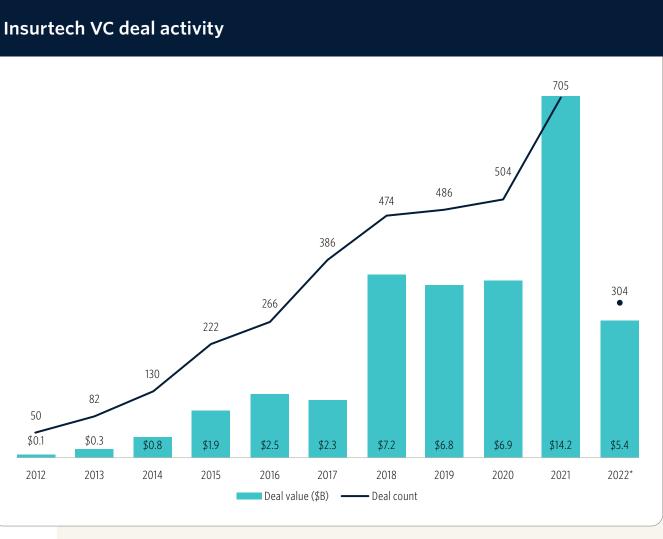
Underwriting	Distribution & intermediation
- Portfolio strategy & management	Agent & broker tech
Barris	Renegade A ogentsync signaladvisors 前面 TDA TECH
	Threeflow CYGNVS C qover Novidea
- Pricing automation	HR benefits administration
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	GRAVIC sa•na Nayya edenhealth Origin
Risk assessment & analytics	→ Infrastructure & APIs
	Extend SURE GintechOS .(• coterie
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	Marketplaces
	HealthCare.com
	COVER GENIUS PasarPolis FUSE B3

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# **VC** activity

In Q2 2022, insurtech companies globally raised \$2.6 billion in venture capital (VC) across 133 deals, representing an 8.5% decrease in QoQ deal value. This was the lowest amount of invested capital since Q3 2020 and 42.1% lower than the previous peak of \$4.4 billion in Q2 2021. Companies serving the distribution segment continue to bring in the largest portion of deal value, at \$957.1 million across 39 deals. However, this was still less than the roughly \$1.4 billion invested in this segment last quarter. The three largest insurtech distribution deals of the quarter include Gusto, a health insurance benefits platform (\$230.0 million Series E at a \$9.6 billion post-money valuation); Turtlemint, an insurance marketplace (\$121.0 million Series E at a \$926.0 million postmoney valuation); and Renegade Insurance, an agent-based insurance marketplace (\$75.0 million early-stage round). The largest insurtech deal of the quarter was cyber insurtech Coalition's \$250.0 million Series F at a roughly \$5.0 billion valuation.

During the quarter, the median pre-money valuation for VC-backed, late-stage insurtech decreased 39.4% to \$72.0 million from 2021's full-year figure of \$118.8 million. Early-stage median pre-money valuations, however, continued to increase slightly, reaching new highs at \$34.2 million—up 6.2% from 2021. Early-stage VC-backed insurtech companies have the highest recorded pre-money valuation step-ups, a measure to gauge valuation accretion between stages, at 3.3x. Late-stage steps stood at close to 2x, which was on par with 2021. The trends within latestage insurtech financings mirror the public markets, in which the stock prices of many newly listed public insurtech companies have dropped more than 75% over the past year.



Source: PitchBook | Geography: Global | \*As of June 30, 2022

## Key insurtech early-stage VC deals\*

Company	Close date (2022)	Segment	Stage	Deal size (\$M)	Lead investor(s)	Valuation step-up
Coherent Capital Advisors	April 21	Distribution and intermediation	Series B	\$75.0	Maverick Capital, Owl Rock Capital Group	N/A
Renegade Insurance	April 3	Distribution and intermediation	N/A	\$75.0	N/A	N/A
Qoala	May 11	Property and casualty	Series B	\$65.0	Eurazeo	N/A
<u>Cygnvs</u>	May 24	Distribution and intermediation	Series A	\$55.0	N/A	N/A
Noyo	May 19	Distribution and intermediation	Series B	\$45.0	Norwest Venture Partners	4.35x
<u>Hourly</u>	May 10	Commercial	Series A	\$27.0	Glilot Capital Partners	2.56x
<u>Dowsure</u>	April 26	Distribution and intermediation	Series B	\$20.0	N/A	N/A
<u>Dalma.</u>	June 2	Property and casualty	Series A	\$15.9	Northzone Ventures	N/A
АККО	April 22	Property and casualty	Series A	\$15.0	N/A	6.25x
<u>Federato</u>	May 17	Underwriting	Series A	\$15.0	N/A	N/A

Source: PitchBook | Geography: Global | \*As of June 30, 2022

## Key insurtech late-stage VC deals\*

Company	Close date (2022)	Segment	Stage	Deal size (\$M)	Lead investor(s)	Valuation step-up
<u>Coalition</u>	June 24	Commercial	Series F	\$250.0	N/A	1.37x
Gusto	May 12	Distribution and intermediation	Series E	\$230.0	Dragoneer Investment Group, T. Rowe Price	N/A
Newfront Insurance	April 12	Commercial	Series D	\$200.0	B Capital Group, Goldman Sachs Asset Management	4.00x
<u>Alan</u>	May 5	Health and life	Series E	\$196.7	Ontario Teachers' Pension Plan	1.63x
Branch Insurance	May 24	Property and casualty	Series C	\$147.0	Weatherford Capital	3.01x
Turtlemint	May 11	Distribution and intermediation	Series E	\$121.0	Amansa Capital, Jungle Ventures, Nexus Venture Partners	N/A
<u>Caribou</u>	May 19	Property and casualty	Series C	\$115.0	Goldman Sachs Asset Management	2.23x
<u>Openly</u>	May 13	Property and casualty	Series C	\$75.0	N/A	N/A
Ledger Investing	June 22	Underwriting	Series B	\$75.0	WestCap	5.56x
Sana	May 2	Distribution and intermediation	Series B1	\$60.1	GigaFund, Trust Ventures	1.72x

Source: PitchBook | Geography: Global | \*As of June 30, 2022

### SELECT COMPANY HIGHLIGHTS

# herald

Founded 2021

Location Boston, MA Total raised: \$8.0M

Last financing: Raised \$8.0M in a seed round Last financing valuation: \$28.0M

### **Overview**

Herald develops digital infrastructure that connects to commercial insurance carriers through a single API. This allows brokers and other insurance distributors to easily quote and bind insurance from multiple carriers, expanding the lines of business and access to carriers. Carriers benefit by increasing the number of distribution partners. Commercial insurance is highly complex, and the intermediaries that match thousands of carriers (and hundreds of products) with millions of small to medium-sized businesses are using manual, onerous, and expensive processes. Herald solves these pain points through integrations across multiple lines of insurance, including workers' compensation, general liability, business owner's policy, cyber, and more. The company plans to expand into additional markets and move beyond quoting to other areas of the insurance value chain, including purchasing, billing, renewals, and claims.

### Leadership

Herald was cofounded by CEO Matthew Antoszyk and Duncan Crystal. Antoszyk and Crystal met during their time at At-Bay, a cyber insurtech company, where they both worked on building and distributing <u>At-Bay</u>'s cyber insurance API. Antoszyk previously worked at McKinsey, and Crystal worked at Gartner. Jacob Barnett is the CTO and previously worked at life insurtech company Haven Life, building workflows for purchasing life insurance. Barnett also previously worked at Microsoft as a software development engineer.

## **Financing history**

In December 2021, Herald raised an \$8.0 million seed round led by Lightspeed Venture Partners at a \$20.0 million pre-money valuation. Underscore VC, Afore Capital, and a several angel investors also participated in the round. The funds will be used to expand its product and engineering teams, scale support for additional lines of business, and accelerate integrations with its carrier partners.

### Lead investors: Lightspeed Venture Partners

## **About PitchBook Emerging Tech Research**

### Independent, objective and timely market intel

As the private markets continue to grow in complexity and competition, it's essential for investors to understand the industries, sectors and companies driving the asset class.

Our Emerging Tech Research provides detailed analysis of nascent tech sectors so you can better navigate the changing markets you operate in—and pursue new opportunities with confidence.

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