

November 2023



**Houlihan  
Lokey**

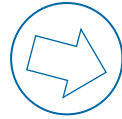
**InsurTech**  
Market Update



# Executive Summary: InsurTech Market Update (November 2023)



## High-Growth Tech Spend and Adoption



## Cooldown in M&A and Funding Activity



## Positive Market Outlook



## Strong Investor Appetite

- **Record-Breaking Insurance Ecosystem:** Insurance carrier cash and investable assets balances, carrier/broker/agency employment, and total insurance premiums sold **each reached all-time highs** in the U.S. market in 2022.
- **Headwinds in Hard P&C Environment:** Inflation, claim cost and complexity, catastrophic events, fraud, excess mortality rates, and litigation are each putting pressure on insurance players in 2023, resulting in a **challenging market where even fast-rising premiums are materially lagging claim costs and severe losses are being experienced in many instances, especially in P&C.**
- **Insurance Software and Data/Analytics Momentum:** Adoption of software and data/analytics by insurance carriers, brokers, MGAs, and enterprises is accelerating as these solutions improve distribution, underwriting, and claims outcomes while enhancing customer engagement, satisfaction, and retention—**helping optimize risk selection, revenue, forward visibility, and profitability.**
- **Digital Carriers and Distributors Being Tested, Remain Threats:** Market share gains continue via high growth strategies and **channel shift to digital-enabled distribution**, however, slowed growth, cash burn, and **concerns about underwriting quality and sustainability of customer acquisition costs** are impacting investor appetite and valuation.
- **M&A and Growth/Venture Capital Down but Not Out:** Concerns around the broader tech market and higher interest rates alongside a challenging environment for insurance have led to a slower market for insurtech YTD; however, there have still been at least **79 YTD M&A transactions reported** (primarily strategic and PE-backed bolt-on deals) and **336 YTD growth and venture capital deals reported**, with more than 300 companies receiving funds.
- **Investor Opportunity Persists:** InsurTech remains an extremely diverse and rapidly evolving market, with **business model nuances significantly influencing momentum, valuation dynamics, and investor/acquirer appetite from asset to asset.** The relative nascency of truly modern technology adoption against a backdrop of inadequate legacy systems throughout the insurance value chain indicates the persistence of significant investor opportunity.



**Houlihan  
Lokey**

We are pleased to issue our InsurTech Market Update for November 2023.

With this update, we introduce our revamped insurance technology coverage, discuss key insurance sector trends and factors of technology adoption, and present the latest public and private transaction and valuation trends across the insurtech landscape.

We remain bullish about the current and long-term opportunities present for technology within the rapidly evolving insurance ecosystem. Demand for and interest in insurance technology assets remain strong as key secular tailwinds continue to benefit the sector and encourage the adoption of technology solutions. M&A and financing activity remains active, although down from recent highs, while publicly traded players have seen a strong rebound in valuations, with our total insurtech public company index outperforming the S&P 500 YTD<sup>(1)</sup>.

As our firm continues to execute transactions in this space, we invite you to contact us to discuss past transactions, future opportunities, or the ecosystem more broadly.

Best Regards,



**Mike Capocci**  
InsurTech Sector Lead  
[Michael.Capocci@HL.com](mailto:Michael.Capocci@HL.com)



**Alec Ellison**  
Global Head of FinTech  
[Alec.Ellison@HL.com](mailto:Alec.Ellison@HL.com)

01

**HOULIHAN LOKEY INSURTECH ADVISORY**

**4-11**

02

**INSURANCE END MARKET SECTOR UPDATE  
WITH P&C ENVIRONMENT DEEP DIVE**

**12-17**

03

**KEY TECHNOLOGY ADOPTION FACTORS AND  
THEMES DRIVING INSURTECH INVESTMENT**

**18-24**

04

**MARKET MAPS: CONSOLIDATORS,  
SPONSORS, AND VENDORS**

**25-30**

05

**INSURTECH MARKET ACTIVITY UPDATE:  
M&A, CAPITAL RAISES, AND PUBLIC MARKETS**

**31-40**

*(1) See page 38 for more detail on index composition and performance.*

01

HOULIHAN LOKEY  
INSURTECH ADVISORY

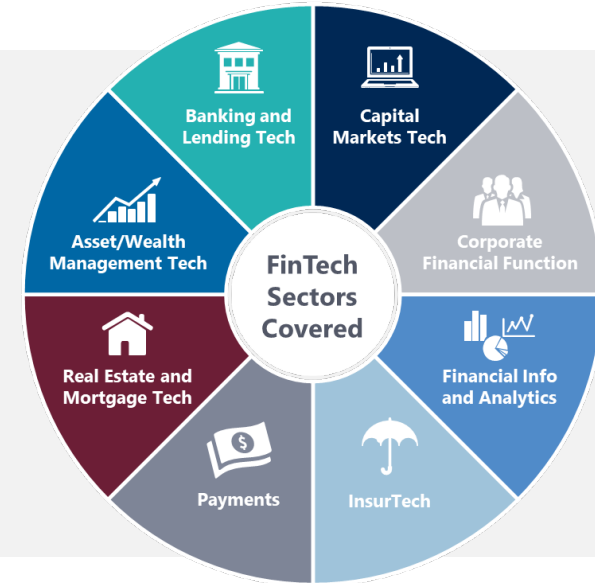


**Houlihan Lokey**

# Global, Market-Leading FinTech Practice

Houlihan Lokey’s newly dedicated FinTech Group builds on the firm’s leading technology and financial services expertise and underscores its belief in and commitment to the future of financial technology. Our coverage is arranged around deep end-market expertise with dedicated senior-level bankers across every vertical of FinTech.

- **Global**, specialized FinTech practice within a newly dedicated industry group.
- **200+** total technology bankers and **65+** dedicated FinTech/financial services bankers.
- **90+** FinTech transactions signed or closed since January 2021.
- **Fully integrated** team across the world based in New York and London with additional bankers on the ground in Frankfurt, Atlanta, Los Angeles, and San Francisco.
- **22** countries represented by parties in FinTech transactions since 2021.



## Focused FinTech Industry Coverage and Broad Product Capabilities

### Financial Technology

2022 M&A Advisory Rankings  
All Global Financial Technology Transactions<sup>(1)</sup>

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>48</b>
2	Goldman Sachs	30
3	Financial Technology Partners	15



### Product Capabilities

- M&A Advisory (Sellside and Buy-side)
- Private Capital Markets (Equity and Debt)
- Board and Special Committee Advisory
- Fairness Opinions and Valuation Services
- Financial Restructuring and Special Situations

<sup>(1)</sup> Source: PitchBook Data, Inc.

# Highly Collaborative, Cross-Functional Global InsurTech Team

## Global Leadership



Alec Ellison  
Global Head of FinTech, Managing Director  
New York, NY  
[Alec.Ellison@HL.com](mailto:Alec.Ellison@HL.com)



Mike Capocci  
InsurTech Sector Lead, Director  
New York, NY  
[Michael.Capocci@HL.com](mailto:Michael.Capocci@HL.com)



Paul Tracey  
FinTech, Managing Director  
London, U.K.



Tim Shortland  
FinTech, Managing Director  
London, U.K.



Sam Ward  
FinTech, Senior Vice President  
London, U.K.



Tobias Schultheiss  
FinTech, Managing Director  
Frankfurt, DE

## European Coverage Partners

Europe Insurance Co-Leads

## Insurance Services Coverage Partners



Arik Rashkes  
Managing Director  
Head of Insurance



Craig Tessimond  
Managing Director



Juan Guzman  
Managing Director



Faiz Vahidy  
Director



Matt Cornish  
Senior Vice President



Mufaro Dube  
Vice President

## Related Technology Coverage Partners



Chris Gough  
Managing Director  
PropTech



Shane Kaiser  
Managing Director  
Transportation



Keith Skirbe  
Managing Director  
Cyber



Luiz Greca  
Managing Director  
Healthcare



Vik Pandit  
Managing Director  
Enterprise Technology



Chris Pedone  
Managing Director  
FinTech

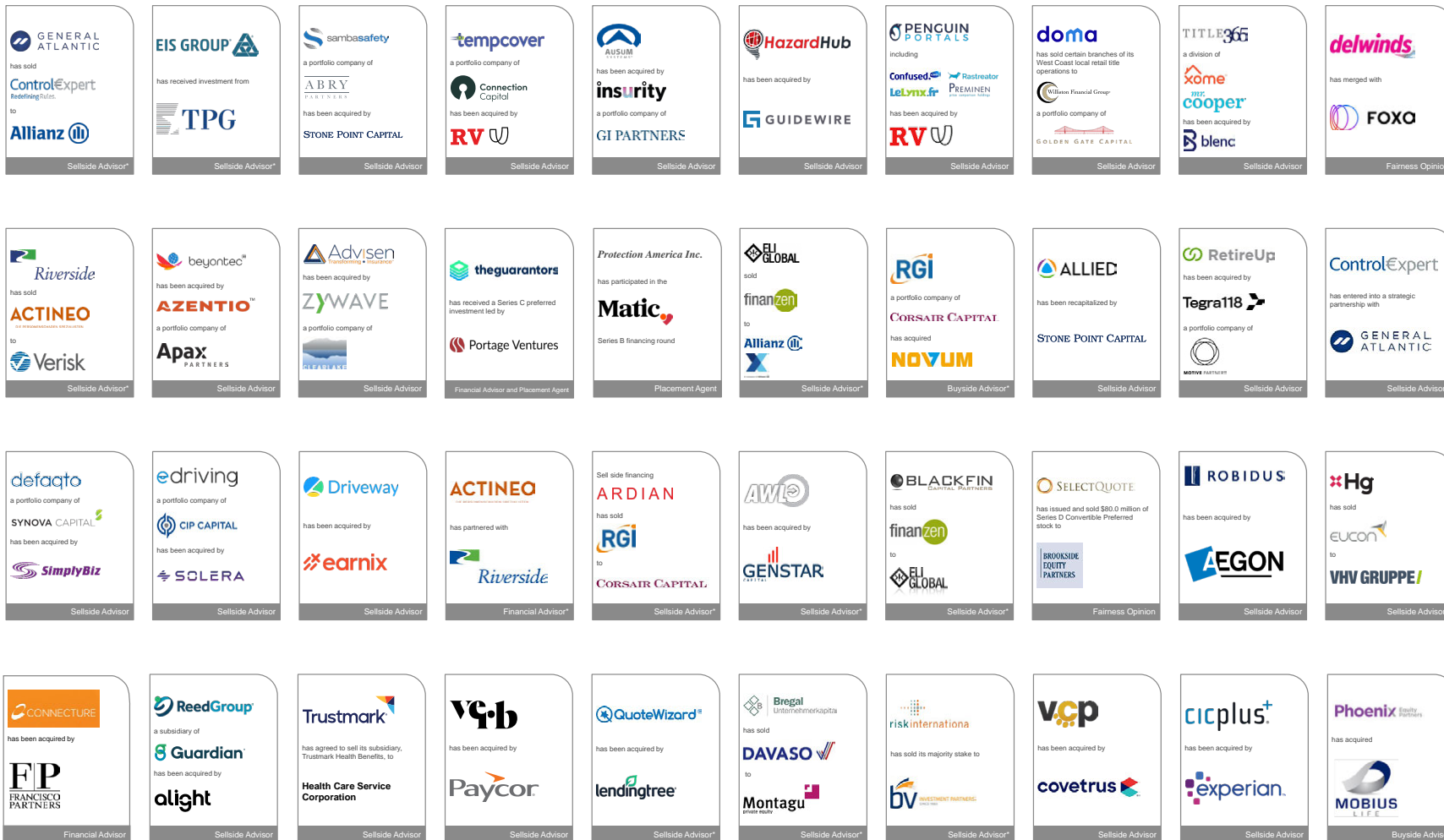
## Mission-Critical Enabler of the InsurTech Ecosystem

Selected Houlihan Lokey InsurTech Clients and Counterparties<sup>(1)</sup>

<sup>(1)</sup> Includes selected parties in completed transactions executed by current Houlihan Lokey team members while at other firms.

# Deep InsurTech Domain Expertise and Advisory Success

Houlihan Lokey has driven exceptional client outcomes throughout the insurtech ecosystem.



















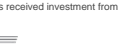

















Tombstones included herein represent transactions closed from 2010 forward.

\*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company.



# Proven Excellence Across a Range of Insurtech Transaction Dynamics

## Selected Houlihan Lokey InsurTech Advisory Spotlights

Transaction	 has sold  to  Sellside Advisor*	 a portfolio company of  has been acquired by  Sellside Advisor	 has been acquired by  a portfolio company of  Sellside Advisor	 a portfolio company of  has been acquired by  Sellside Advisor	 has sold  to  Sellside Advisor*	 has received investment from  Sellside Advisor*	 has been acquired by  a portfolio company of  Sellside Advisor
Target Description	Actineo offers software for digitalization and medical assessment of bodily injury claims.	SambaSafety offers cloud-based mobility and driver risk management software and data.	Beyontec offers cloud-based core insurance software for P&C.	eDriving offers digital driver risk management solutions for commercial fleets.	ControlExpert offers AI-supported automotive claims processing software.	EIS Group offers core administration software and digital distribution solutions for insurance carriers.	AuSum is a cloud-native audit and survey management software solution for P&C carriers.
Deal Value and Type	Not Disclosed Strategic Acquisition	Not Disclosed PE Buyout	PE Platform Add-on	PE Platform Add-on	Not Disclosed Strategic Acquisition	\$100M Growth Capital	Not Disclosed PE Platform Add-on
Geography	 	 	 	 	 	 	 
Houlihan Lokey Banker Role*	Sellside Advisor to Actineo and Riverside Capital	Sellside Advisor to SambaSafety and Abry Partners	Sellside Advisor to Beyontec	Sellside Advisor to eDriving	Sellside Advisor to ControlExpert and General Atlantic	Sellside Advisor to EIS Group	Sellside Advisor to AuSum

\*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company.



# How We Cover InsurTech

The range of technology business models that comprise insurtech is critical to understanding market activity, investor/acquirer appetite, and key factors influencing valuation.



## Software and Data/Analytics



## Digital Distribution



## Tech-Enabled Services



## Digital Carriers

Business Model Overview	Develop and sell software and data solutions that enable traditional and digital carriers, brokers, MGAs, and enterprises.	Monetize technology capabilities/infrastructure for insurance distribution.	Sell insurance services delivered leveraging proprietary in-house and third-party technology.	Sell insurance policies and hold (or reinsure) related risk via owned technology infrastructure.
Key Segments	<ul style="list-style-type: none"> <li>Front Office Software</li> <li>Core Systems Software</li> <li>Data/Analytics</li> </ul>	<ul style="list-style-type: none"> <li>Marketplace and PCW</li> <li>Embedded</li> <li>Digital Brokers/MGAs</li> </ul>	<ul style="list-style-type: none"> <li>Tech-Enabled Services</li> </ul>	<ul style="list-style-type: none"> <li>Digital Carriers</li> </ul>
Selected Vendors	<ul style="list-style-type: none"> <li>AbsenceSoft, agencybloc, ATTOM, businessolver, CARPE DATA, CyberCube, Duck Creek Technologies, earnix, layr, majesco, OneShield, openforce, PARTSTRADER, PCMI, socotra, sureify, Verisk, ZYWAVE</li> </ul>	<ul style="list-style-type: none"> <li>boltech, boost, COVER GENIUS, EVERQUOTE, Foxen, HDVI, INSURIFY, INSURITAS, INSHUR, ISI INSURANCE, Jerry, Newfront OIG, NEXTGEN LEADS, Openly, polly</li> </ul>	<ul style="list-style-type: none"> <li>ACCUSERVE, ALLCAT, AON, avēsis, BRZ, Crawford, EMPYREAN, Hancock, RENFROE, sedgwick, SKYGEN</li> </ul>	<ul style="list-style-type: none"> <li>at bay, BRANCH, Coalition, hippo, Lemonade, kin., Palomar, ROOT</li> </ul>
Lines of Business	<ul style="list-style-type: none"> <li>Property and Casualty</li> <li>Personal</li> </ul>		<ul style="list-style-type: none"> <li>Life and Annuity/Pension</li> </ul>	<ul style="list-style-type: none"> <li>Health and Employee Benefits</li> <li>Commercial</li> </ul>

A single insurtech may embody multiple business models and insurance lines of business.

# How Houlihan Lokey Can Help

Our firm is extremely well-equipped to help our clients navigate opportunity and uncertainty. We respond quickly to challenging situations and are constantly helping clients to analyze, structure, negotiate, and execute the best possible solutions from both a strategic and a financial perspective.



## Houlihan Lokey

**Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.**

**2,595**

Global Employees<sup>(1)</sup>

**36**

Locations<sup>(1)</sup>

**\$7.0 Billion+**

Market Cap<sup>(1)</sup>



**\$1.8 Billion**

Revenue<sup>(2)</sup>

**~25%**

Employee-Owned

**No**

Debt

### Corporate Finance

- No. 1 Global M&A Advisor for Transactions Under \$1 Billion
- Leading Capital Markets Advisor

#### 2022 M&A Advisory Rankings Global Transactions Under \$1 Billion

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>381</b>
2	Rothschild	369
3	JP Morgan	217

Source: Refinitiv. Excludes accounting firms and brokers.

### Financial Restructuring

- No. 1 Global Restructuring Advisor
- \$3.0+ Trillion of Aggregate Transaction Value Completed

#### 2022 Global Distressed Debt & Bankruptcy Restructuring Rankings

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>58</b>
2	PJT Partners Inc	30
3	Lazard	29

Source: Refinitiv.

### Financial and Valuation Advisory

- No. 1 Global M&A Fairness Opinion Advisor Over the Past 25 Years
- 1,000+ Annual Valuation Engagements

#### 1998 to 2022 Global M&A Fairness Advisory Rankings

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>1,232</b>
2	JP Morgan	1,030
2	Duff & Phelps, A Kroll Business	938

Source: Refinitiv. Announced or completed transactions.

### Financial Sponsors Coverage

- No. 1 Global Advisor to Private Equity Firms
- 1,000+ Sponsors Covered Globally

#### 2022 Most Active Investment Banks to Private Equity – Global

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>242</b>
2	Lincoln International	192
3	Deloitte	190

Source: PitchBook.

(1) As of September 30, 2023.

(2) LTM ended June 30, 2023.

# We Look Forward to Seeing You!

Below are some of the recent and upcoming FinTech events and conferences.



**Houlihan  
Lokey**

## Global Tech Conference (U.S.)

October 3, 2023  
Lotte New York Palace  
New York, New York



**Houlihan  
Lokey**

## Financial Services Leadership Summit

November 30, 2023  
St. Regis  
New York, New York

[Click to Request Invitation](#)



**Houlihan  
Lokey**

## Global Tech Conference (London)

March 14, 2024  
London Hilton Park Lane  
London, U.K.

[Click to Request Invitation](#)



September 12–13, 2023  
Atlanta, Georgia

**.MONEY  
20/20**

October 23–25, 2023  
Las Vegas, Nevada



**INSURETECH  
CONNECT**

October 31 to November 2, 2023  
Las Vegas, Nevada

[Click to Connect](#)



02

INSURANCE END MARKET SECTOR UPDATE  
WITH P&C ENVIRONMENT DEEP DIVE



**Houlihan Lokey**

# Broader Insurance Environment Exhibiting Fundamental Resilience While P&C Faces Challenges of Shifting Landscape in Key Lines of Business



## Insurance Ecosystem Continues to Expand

(pg. 14)

**All-time highs** in cash and investable **assets** held by insurers, insurance **employment**, and **premiums** sold in the U.S. market as of the end of 2022. Financial stature of carriers benefiting from interest rate hikes.



## P&C Environment Update

### Auto Insurance Recalibrating for Shift in Vehicles, Costs, and Driving Behavior

(pg. 15)

**The auto market** is challenged by shifts in driving habits, vehicle complexity, claim costs, and premium price-sensitive customers. Customer experience and retention are primary focuses alongside garnering more detailed driver data.



### Hard Market-Altering Composition of Property Insurance

(pg. 16)

**Home and commercial property markets** are experiencing losses from natural catastrophes and litigation alongside rising claim costs. High-risk markets are being exited or paused by carriers as the ability to profitably underwrite remains evasive.



### Rapid Development Within the Cyber Landscape

(pg. 17)

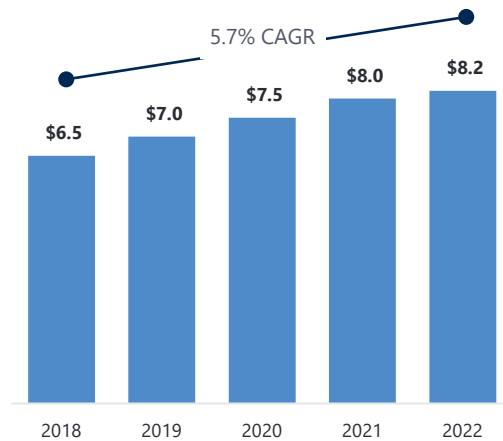
**Cyber insurance** is evolving as rapidly as the underlying threat landscape distribution is hampered by the ability to effectively underwrite while claims and losses mount against surging demand for coverage.

# Insurance Ecosystem Continues to Expand

The insurance industry's scale and reach continue to develop amid macroeconomic volatility.

## All-Time High Insurer Assets

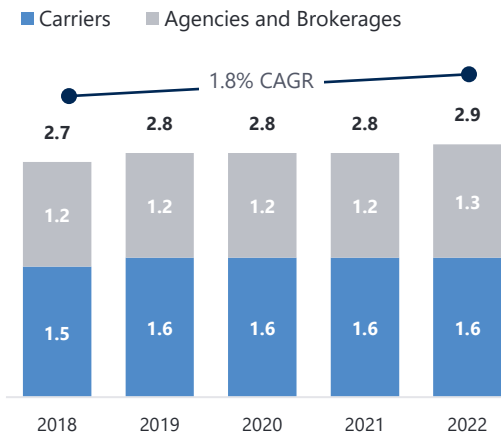
Insurance Industry Cash and Invested Assets  
(\$ in Trillions)



- An all-time high of **\$8.2 trillion of cash and invested assets** was reached in 2022, held by U.S. insurance companies.
- CAGR of **5.7%** from 2018 to 2022, a 25%-dollar value increase.
- Hold **~77% in interest-bearing or linked assets** (e.g., bonds, treasuries, money market, mortgages, and other loans), **standing to benefit from interest rates** reaching the highest level since the early 2000s.

## Growing Employment Despite Industry Consolidation

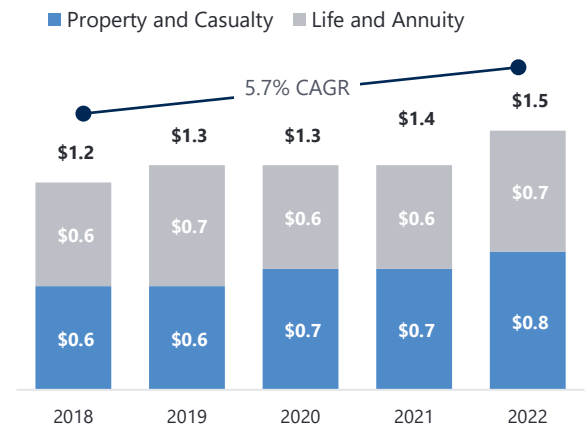
Insurance Employment  
(Annual Average in Millions)



- Record employment in the insurance industry reached **2.9 million** in 2022.
- CAGR of **1.8%** from 2018 to 2022, compared to the U.S. population growth of **<1.0%** in the same period.
- **Agency and broker employment continues to grow, despite consolidation among brokers**—more than 4,100 brokerages were acquired from 2018 to 2022 compared to **~800 carriers**.

## ~6% Annual Premium Growth

Direct Written Premium  
(\$ in Trillions)



- Direct written premium reached an **all-time high of \$1.5 trillion** in 2022, after a slight dip in 2020 from life and annuity.
- Recent uplift in part driven by **inflationary impact of claims activity**.
- **The top 10 insurers represented 48% of P&C direct premiums written in 2022**, in line with the same composition in 2008 of 49%.
- **The top 10 insurers represented 53% of L&A direct premiums written in 2022**, showing incremental diversification since 2008's 58%.

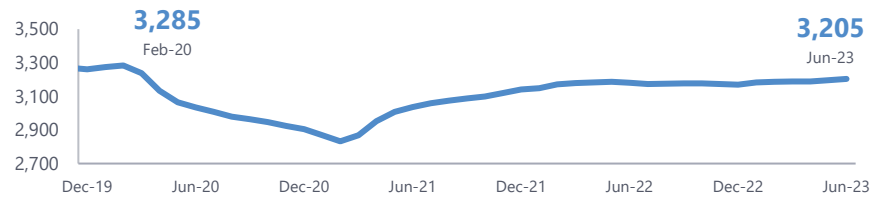


# Auto Insurance Recalibrating for Shift in Vehicles, Costs, and Driving Behavior

Auto insurers face multiple challenges in the current environment, with many experiencing significant losses as claim costs outpace rising premiums.

## Changes in Driver Behavior and Claim Characteristics

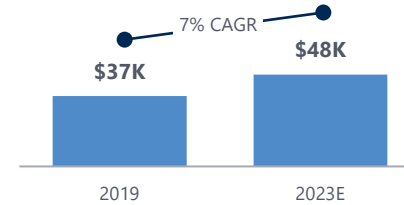
Vehicle Miles Traveled (U.S. Market, LTM Moving Average, in Billions)



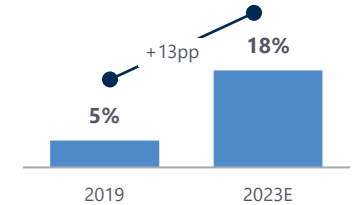
- “Miles driven” has recovered from recent lows during COVID-19.
- Commuting-related changes to traffic patterns have resulted in less congestion but have combined with increased distracted driving to change accident and claim characteristics.
- Truck miles are continuing to increase share, driven by online shopping demands.

## More Lethal, Complex, and Costly Vehicles

Average New Car Cost



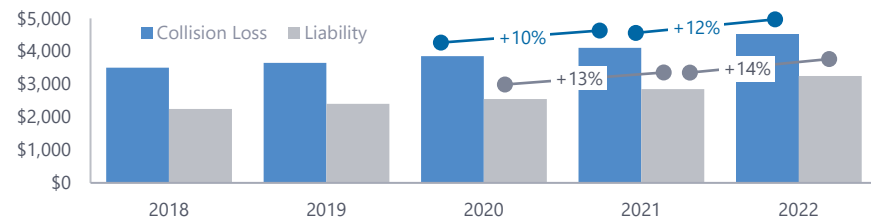
Electric Vehicle % of Total Car Sales



- The average vehicle has become heavier, more powerful, and more expensive.
- Increasing semiconductor chip utilization and reliance are driven by the growing penetration of new EV sales (18% in 2023E, up from 5% in 2019) and the increasing utilization of electronics in ICE vehicles.
- There is increasing complexity of collision estimation and part procurement; 13 parts are now required for an average repairable claim, up from 10 parts in 2018.

## More Expensive Claims

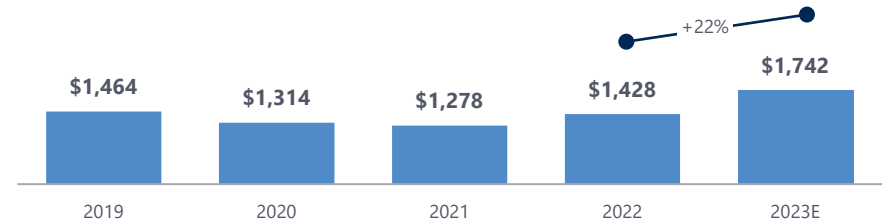
Total Collision Cost (Average Collision and Liability (Excluding Casualty), \$ Actual)



- Material increases in all key repair cost variables; parts volume and cost, labor hours and cost, scan and calibration operations.
- Labor shortages are lengthening cycle times.
- Related medical casualty severity has also increased across most procedure categories.

## Auto Premiums Are Up More Than 20% in 2023

Car Insurance Cost (Annual Average, \$ Actual)



- Auto premiums have increased dramatically in 2023 as carriers combat rising costs and change claim dynamics, resulting in severe losses.
- Policy and coverage retention are under pressure as customers shop around for better rates or decrease coverage to mitigate increases.
- Increasing appetite by customers for UBI and telematics helps lower costs.



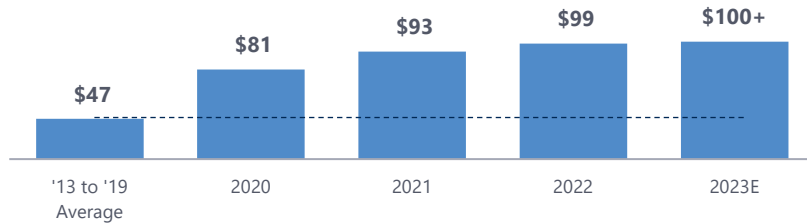


## Hard Market-Altering Composition of Property Insurance

The severity of weather-related events, litigation activity, and fraud drive severe financial losses and market exits.

### \$100+ Billion Natural Catastrophe Insured Losses

Insured Property Losses From Natural Catastrophes (U.S. Market, \$ in Billions)



- More frequent, intense, and expensive U.S. natural disasters.
- Changing climate and claim severity patterns impact insurers' ability to assess risk and price effectively within regulatory limits.
- The 2020–2023 average of \$93 billion insured losses annually is up dramatically from the 2013–2019 average of \$47 billion (or \$33 billion excluding 2017), equating to ~\$200 billion of incremental losses.
- Insurers are actively reassessing their ability to insure areas with significant catastrophe exposure, especially in Florida and California (two of the top three U.S. markets).

#### Hippo Temporarily Halts All New Business US-Wide



State Farm Withdraws From California Homeowners, Commercial Property Market



#### Another property insurer is leaving the Florida market

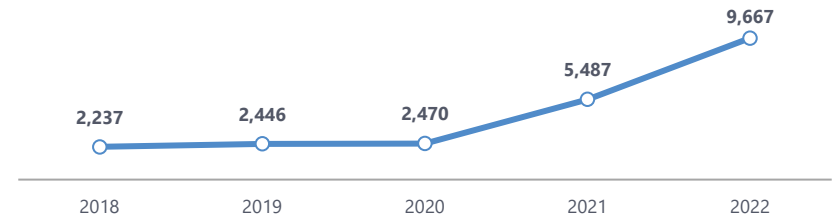


Florida's already-volatile Insurance Industry is bracing for Hurricane Idalla

Over 50,000 To Lose Homeowners Insurance as Two More Insurers Exit California

### Rise in Insurance Litigation

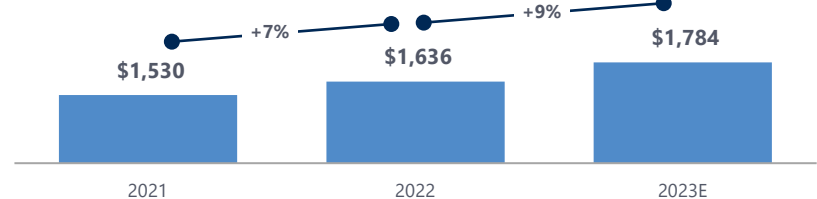
Home Insurance Litigation (U.S.; Cases Filed by Year)



- Higher repair and replacement costs are enabling more claims to meet the value threshold for property litigation.
- Natural catastrophes (especially hurricanes) are associated with litigation rise. Industry experts suspect increased fraud also plays a significant role.
- 77% of cases result in settlements, a high rate that may be a catalyst to increased insurance litigation funding.

### Homeowner's Premiums Are Up 9% in 2023

Home Insurance Premiums (U.S. Average, \$ Actual)



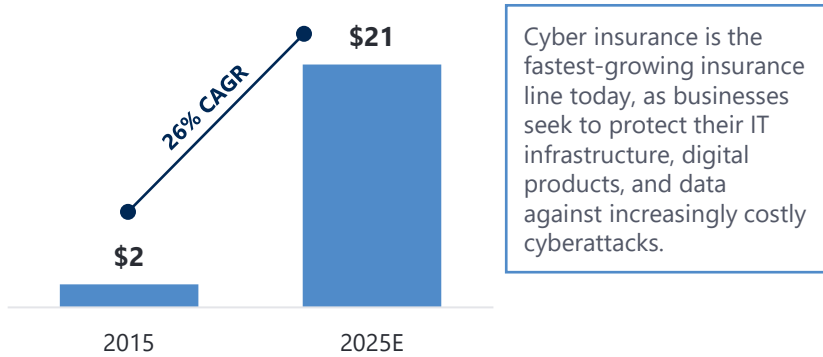
- Inflation and increased material and labor costs are driving property repair and replacement claim expenses higher.
- Many policyholders are re-evaluating coverage levels they need to help offset the rise in expense, impacting renewals and retention.
- Property in very high-risk areas pays ~2.5x more for coverage relative to low-risk areas (i.e., exposed to natural disaster or not).

# Rapid Development Within the Cyber Landscape

The fastest-growing sector in the global insurance market is facing severe headwinds, despite surging demand.

## Fastest Growing Line of Business...

Global Cyber Insurance Gross Written Premium (\$ in Billions)

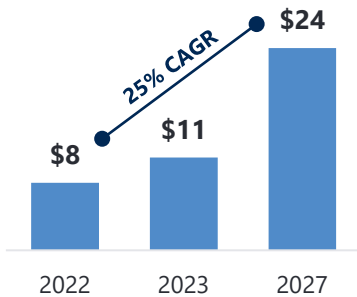


## ...Facing Fundamental Challenges to Acceleration

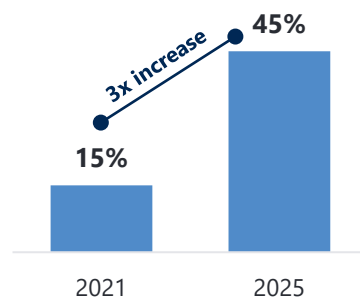
<p><b>Rise in claims, resulting in large losses for insurers and higher premiums.</b></p>	<p><b>Limited scope and duration of cyber data</b> to enable accurate underwriting.</p>
<p><b>Rapid and continuous evolution</b> of threat landscape and risks.</p>	<p><b>GenAI as a dynamic and powerful tool for attackers.</b></p>
<p><b>Uncertainty from policyholders</b> on what is specifically covered.</p>	<p>Lack of <b>standardized definitions</b> of cyber risk.</p>

## Cyber Attack Intensity Increasing

Global Cybercrime Losses (\$ in Trillions)



Enterprise Software Supply Chain Attack (% of Enterprises Attacked)



## Cybersecurity and Cyber Insurance Convergence



Businesses, insurers, and security providers must work together to prevent, predict, and resolve cyber threats and attacks.

Sources: World Economic Forum, Infosecurity Magazine, and GlobeNewswire.

# 03

## KEY TECHNOLOGY ADOPTION FACTORS AND THEMES DRIVING INSURTECH INVESTMENT



**Houlihan Lokey**

# Significant Tech Adoption Occurring Throughout the Insurance Value Chain

Front-office, core software, and data/analytics vendors remain in high demand and offer many entry points for investors and consolidators alike.



## Resilience and Acceleration of Tech Spend and Adoption (pg. 20)

Spending by carriers and brokers is growing at a **13%+ CAGR for external software**—driven by secular forces and a **technology and data-powered arms race**—while internal IT spending remains roughly flat.



## Technology Transformation in Insurance Is in Early Stages (pg. 21)

“InsurTech 2.0” is well underway, with **“3.0” trends beginning to surface**.

## Key Investment Themes

A

### Front-Office and Distribution Optimization (pg. 22)

Agent  
Empowerment

Embedded and  
Integrated

Digital  
Engagement

B

### Core System Modernization (pg. 23)

Payment  
Innovation

Claims  
Automation

Modularity/  
Microservices

C

### Data and Analytics Optimizing Full Value Chain (pg. 24)

New and Novel  
Datasets

Predictive  
Analytics  
and GenAI

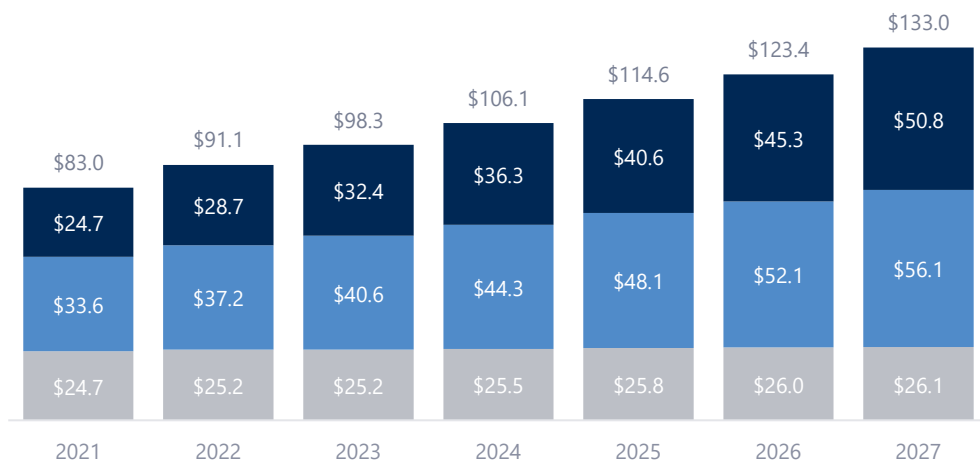
UW and  
Pricing

# Resilience and Acceleration of Tech Spend and Adoption

Strong forces driving technology adoption within insurance as spending patterns indicate clear (nearly exclusive focus) of new spend on external vendor solutions.

## \$100 Billion of External Tech Spend by 2027

North America Insurer, Reinsurer, Broker Enterprise IT Spend (P&C and Life, \$ in Billions)



**Application Software**  
13% CAGR

**IT Services**  
9% CAGR

**Internal**  
<1% CAGR

- Clear ROI Parameters for Third-Party Tech:
- Help Sell More
- Manage Risk Better
- Cost Less to Operate

## Factors Driving Accelerating External Spend

Legacy Constraints	Shifting Environment	Evolving Competition	New Opportunities
<ul style="list-style-type: none"> <li>Complex, disjointed legacy systems can't address modern needs and are costly to upkeep.</li> <li>IT turnover and related skilled IT labor shortages (and/or cost inefficiencies).</li> <li>Increasing cyber risk and exposure.</li> <li>Evolving regulatory landscape and operational burden.</li> </ul>	<ul style="list-style-type: none"> <li>Engagement and product shift to digital—but human touch is still required.</li> <li>"Digital-native, mobile-first" with Amazon's benchmark of immediacy/personalization.</li> <li>Risk environment evolving from changes in climate, driving, cyber, mortality, and more.</li> <li>Cohort of aging agents, brokers, and executives.</li> </ul>	<ul style="list-style-type: none"> <li>Rise of digital-native and digital-first carriers, MGAs, and brokers.</li> <li>Third-party software, data, and tech services have never been more accessible.</li> <li>De-bundling (and re-bundling) of both product suites and workflow segments.</li> <li>Technology-spurred arms race is underway.</li> </ul>	<ul style="list-style-type: none"> <li>New product opportunities emerging, speed of development and launch is critical.</li> <li>Existing product evolution and velocity of updates.</li> <li>Greater data depth, accuracy, portability, and analytics to improve the entire value chain.</li> <li>Access to new/incremental demand via digital distribution partners.</li> </ul>

Sources: Gartner and Datos Insights.

## Technology Transformation in Insurance Is in Early Stages

The insurance ecosystem is experiencing rapid acceleration in new/modern technological capabilities across all parts of the value chain; fulsome utilization is progressing with significant room for further adoption.



**Houlihan Lokey**

### Key Emerging Topics

	"InsurTech 1.0"	"InsurTech 2.0"	Key Emerging Topics
<b>Financial</b>	Growth at all costs, rapid scaling No. 1 priority	No. 1 profitable underwriting No. 2 growth	Growth and profit joint No. 1
<b>Lines of Business</b>	Focus on simpler, lower-ticket personal lines	Bigger-ticket, more complex commercial and specialty lines	Convergence of LOB and adjacent financial and risk ecosystems, cyber
<b>Customer Acquisition</b>	High, volatile CAC	Sustainable, predictable CAC	Customer ownership amid multi-channel acquisition; human-optimized digital journey
<b>Distribution</b>	Direct-to-consumer, online marketplaces	Agent empowerment, MGAs, and embedded channel	Vertical integration and administration
<b>Key Areas of Innovation</b>	Customer acquisition, LOB unbundling	Workflow unbundling; post-bind (especially claims), new datasets, and payments	System of record, data portability, GenAI, and customer retention
<b>Product</b>	Commoditized, standard rates and forms	Actuarial-led R&D, underwriting innovation, and claims automation	Connectivity and true vendor integration
<b>Ecosystem</b>	Point solutions	Marketplaces and APIs	Data pooling, cooperation, and standardization; carrier-broker connection
<b>Founders/Management</b>	Generalist tech entrepreneurs	Industry vets and startup talent	Industry vets and focused tech entrepreneurs
<b>Balance Sheet Risk</b>	Full stack carrier models	Tech-driven MGAs/enhanced underwriting	New product appetite, increase in MGA risk-taking, and ability to better address cat zones



## Investment Themes: Front-Office and Distribution Optimization

Distribution is increasingly complex yet remains rich with technology-led opportunities.

### Themes Driving Front-Office Software and Digital Distribution Investment

#### AGENT EMPOWERMENT

- Despite pressure from direct-to-consumer, the complexity of the insurance buying process drives persistent consumer demand for value-added human touch.
- Software and data are helping agents enhance engagement and relevancy across all digital channels as well as automate low-value and repetitive activities (e.g., form filling).

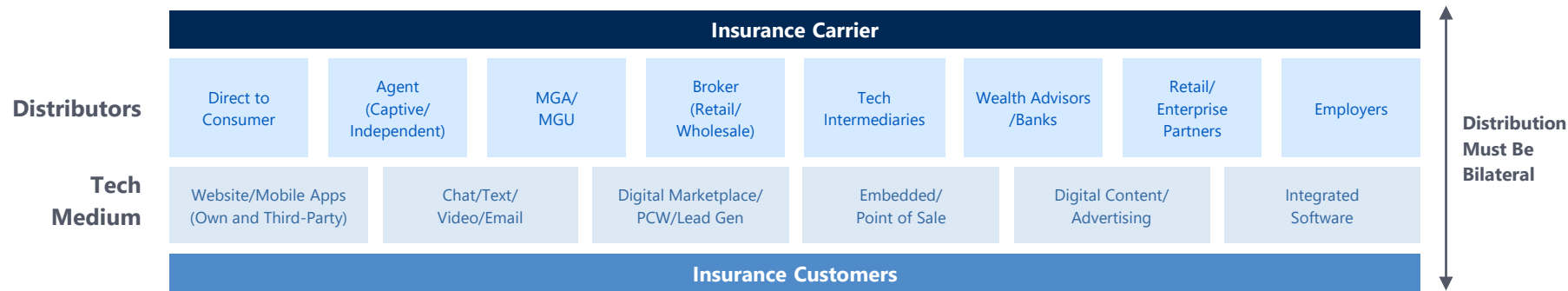
#### EMBEDDED AND INTEGRATED

- Leverage existing customer relationships and buying processes of insurance-relevant products to include insurance as a feature, unlocking opportunities for high-margin and high-growth revenue opportunities for partners and insurers alike.
- “Vertical integration” is emerging via distribution and administration capabilities built into vertical software platforms, adding incremental revenue and enterprise functionality.

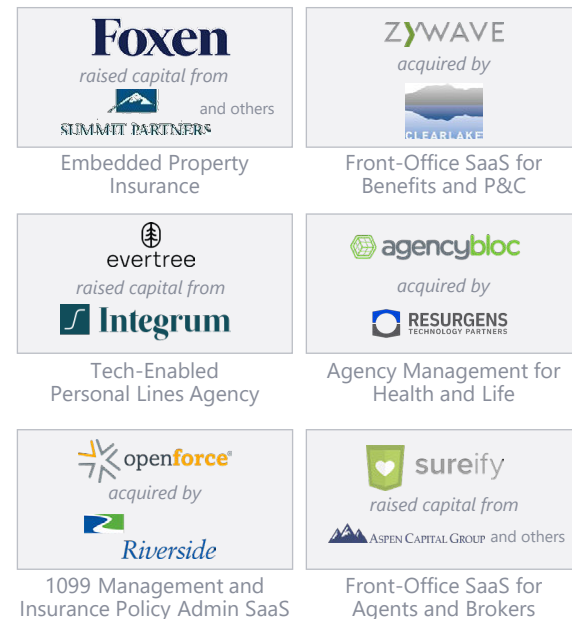
#### DIGITAL ENGAGEMENT

- Carriers and brokers are increasing investment in optimizing customer experience to build stronger brand loyalty and better retention and identify cross/upsell opportunities.
- Enhanced retention and LTV and better alignment of risk holding can be achieved by modern, multi-channel digital communication and personalization/consumer analytics as well as enhanced self-service capabilities.

### Illustrative Tech Distribution Framework



### Representative Transactions





## B Investment Themes: Core System Modernization

Modernization of insurance core systems is critical to sustainably compete for and serve customers in the current environment.

### Themes Driving Investment in Core Systems

#### PAYMENT INNOVATION

- Fragmentation of distribution and claims workflow creating challenges for traditional billing and payment workflow beyond product complexity such as PAYG, UBI, and premium financing.
- Digital and automated collection, sending and settlement of premium, commission, and claim payments can improve customer experience and retention as well as cash flow dynamics for agents, brokers, and carriers.

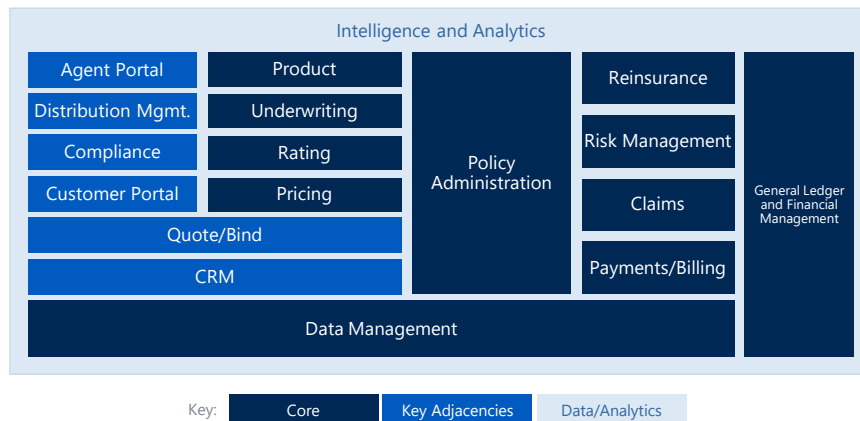
#### CLAIMS AUTOMATION

- Tech-led automation can dramatically improve the speed, accuracy, and cost of claims processing from FNOL to subrogation—improving customer satisfaction and profitability.
- Computer vision, especially for physical damage, and new data and analytics drive automated estimation and empower adjuster productivity to drive faster repair and procurement processes.

#### MODULARITY/MICROSERVICES

- Modular and microservice-oriented core software help carriers to move more quickly and flexibly to improve administration and product development outcomes.
- Enhances ability to launch new insurance products quickly as well as more readily adapt and integrate emerging and new vendor solutions.
- Can reduce the burden of development on IT and drop development cycles from months to days through low/no-code capabilities.

### Core Comprising Numerous Integrated Functions<sup>(1)</sup>



### Representative Transactions



(1) Houlihan Lokey adaptation of graphic originally developed by Novarica.

## Investment Themes: Data and Analytics Optimizing Full Value Chain

Data and related analytics capabilities are a key battleground for vendor and ecosystem participants alike, with the ability to materially impact each value chain segment from customer targeting to claims processing.

### Themes Driving Investment in Data and Analytics

#### NEW AND NOVEL DATASETS

- New datasets, such as those garnered from telematics, IoT, computer vision, and the social internet, offer valuable novel sightline into personal and business behavior.
- Nascent lines such as cyber insurance are largely without decades of actuarial and run loss data that lines of business such as life, auto, and property rely on—prompting the need for new data capture, monitoring, and analytics.












#### PREDICTIVE ANALYTICS AND GenAI

- Fueled by advancements in computing power and accessibility of both structured and unstructured data, predictive analytics and GenAI are being aggressively adopted.
- Key uses today include fraud prevention and risk assessment with increasing utilization for customer targeting, lifecycle management/personalization, and enhanced self-service.

#### UW AND PRICING ENHANCEMENT

- Responding quickly to market movement with the latest risk and pricing data is imperative in a dynamic internal and external environment.
- Vendors offer real-time creation of personalized product offers and pricing that account for a wide variety of customer risk factors while allowing carriers and brokers to monitor deployed rates and adapt new pricing strategies.

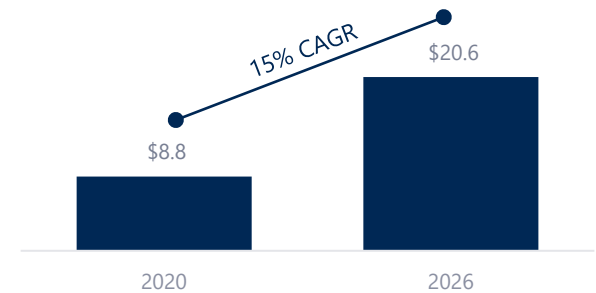
### Representative Transactions

 <b>Groundspeed</b> <i>acquired by</i>  <b>iQ Insurance Quantified</b> Underwriting AI for Commercial Insurance	 <b>HazardHub</b> <i>acquired by</i>  <b>GUIDEWIRE</b> Risk Data for P&C Assessment & Underwriting	 <b>earnix</b> <i>raised capital from</i>  <b>INSIGHT PARTNERS</b> and others Enterprise Pricing and Rating Engine	 <b>CyberCube</b> <i>raised capital from</i> <b>Morgan Stanley</b> and others Cyber Risk Analytics SaaS	 <b>CARPE DATA</b> <i>acquired by</i>  <b>THL</b> Alternative Risk Prediction Data	 <b>CLARA</b> analytics <i>raised capital from</i>  <b>SPRING LAKE EQUITY PARTNERS</b> and others Casualty Claims Intelligence Platform
--	---	---	--	---	--

Sources: MarketsandMarkets, ChatGPT response to prompt for "characteristics of high-quality data."

### Rapid Growth in Analytics

Insurance Analytics Market (\$ in Billions)



### Data Is Jet Fuel for Analytics

Characteristics of High-Quality Data<sup>(2)</sup>

Accurate	Complete	Consistent	Timely	Reliable
Precise	Valid	Accessible	Portable	Novel

# 04

## MARKET MAPS: CONSOLIDATORS, SPONSORS, AND VENDORS



**Houlihan Lokey**

# Strategic Consolidation Remains Highly Active as Major Platforms Aggressively Bolster Their Platforms via M&A

## Representative Insurance Software and Data/Analytics Consolidators

**acturis**  
CONNECTED THINKING

Ownership: **astorg** + Founders Revenue: **\$150M+**

 2019	 2015	<b>BrovadaOne</b> 2021
 2017	 2019	 2023

**APPLIED**

Ownership: **H&F** STONE POINT CAPITAL, JMI, Google Revenue: **\$700M+**

 2018	 2015	 2021	 2019	 2015	 2019
 2016	 2015	 2022	 2019	 2017	

**Duck Creek Technologies**

Ownership: **VISTA** Revenue: **\$300M+**

 2016	 2019	 2022
 2023	 2018	 2022
		 2017

**equisoft**

Ownership: Founders + Growth Investors Revenue: **\$150M+**

 2019	 2021	 2019
 2018	 2017	 2016

**GUIDEWIRE**

NYSE:GWRE Revenue: **\$880M+**

 2023	 2022	 2022	 2020	 2017
 2016	 2016	 2022	 2021	 2021
			 2016	

**insurity**

Ownership: GI PARTNERS, FIDELICOR ASSOCIATES Revenue: **\$300M+**

 2021	 2020	 2020	 2020	 2021	 2021
 2019	 2016	 2016	 2016	 2020	

**IPIPELINE**

Roper (NASDAQ:ROP) Revenue: **\$200M+**

 2018	 2019	 2020	 2020
 2017	 2018	 2020	

**majesco**

Ownership: **THOMABRAVO** Revenue: **\$250M+**

 2021	 2015	 2019
 2022	 2020	 2021

**Verisk**

NASDAQ:VRSK Revenue: **\$2,300M+**

 2021	 2016	 2017	 2020	 2017	 2022
 2023	 2022	 2023	 2017	 2018	 2017
			 2018		

**Vertafore**

Roper (NASDAQ:ROP) Revenue: **\$600M+**

 2021	 2022	 2015
 2016	 2017	 2019

**SAPIENS**

NASDAQ:SPNS Revenue: **\$490M+**

 2018	 2019	 2020	 2015	 2015
 2017	 2017	 2016	 2020	 2020

**ZYWAVE**

Ownership: **DELAWARE CAPITAL** Revenue: **\$200M+**

 2020	 2021	 2018	 2021	 2017	 2021
 2015	 2020	 2019	 2021	 2022	 2019

Note: Selected, non-exhaustive acquisitions depicted from January 2015 to September 2023.  
\*Denotes minority investment.

# InsurTech SponsorScape: Investor Field Is Broad and Diversified

Buyout and Growth

STONE POINT CAPITAL

ALLIED APPLIED archipelago businessolver CoreLogic elpha secure mitchell sambasafety STONERIVER Vertafore

VISTA EQUITY PARTNERS

Duck Creek Technologies EAGLEVIEW TECHNOLOGIES Solera APPLIED Vertafore ZYWAVE ad cubum tech11 insurity netrisk riskconnect technosylva

THOMABRAVO

THL Thomas H. Lee Partners

majesco motus nearmap riskconnect PIPELINE AMERILIFE CARPEDATA hexure agencyport sedgwick

BainCapital

GENERAL ATLANTIC

GENSTAR

esure OneShield APPLIED Vertafore OCKO Coalition gravie ControlExpert insurity AWC numerix insurity Palomar

AURORA CAPITAL PARTNERS

CVC

H&F

fmg mitchell ZYWAVE RGI vitech bolt APPLIED mitchell SSP

Hg

SUMMIT PARTNERS

WARBURG PINCUS

fonds finanz HHAexchange sequel Foxen acturis clearwater BriteCore businessolver CLEARWATER ANALYTICS

abry partners

Advent International

AKKR

Apax

BregalSagemount

illumifin sambasafety CCC SHIFT FRISS ITC AZENTIO Duck Creek Technologies NEPTUNE ALIGN

THE CARLYLE GROUP

IEQT

GTCR

KKR

sedgwick prima solutions eagleview ZYWAVE ManyPets facile.it itel lytx ISC Policygenius

LLR

MOTIVE CAPITAL CORP

RADIAN CAPITAL

Riverside

Serent

corestream benefit express Bindable insurity BriteCore TRAXERO fadata ACTINEO epay Dimensional Technologies

CORSAIR

EQUALITY ASSET MANAGEMENT

GI PARTNERS

Great Hill PARTNERS

RESURGENS

Riverside PARTNERS

TAILWIND

TPG

WCAS

RGI PCMI insurity ONE INC fmg agencybloc openforce ventiv EISA CLEARWATER ANALYTICS

Growth-Focused

AQUILINE TECHNOLOGY GROWTH

CAPE CARPE DATA CORVUS FAIRMATIC

50 Five Sigma FRISS Hippo IDEON

InsurePay Oka Carbon Insurance PALADIN Cyber SUPER

Tivly UTILANT

INSIGHT PARTNERS

CORVUS socotra TRACTABLE

Duck Creek Technologies Groundspeed Vertafore

VALOR EQUITY PARTNERS

agentsync Coalition CompScience DIGISURE Porch Coo

SPECTRUM EQUITY

ORIGAMI RISK EAGLEVIEW TECHNOLOGIES ease netQUOTE

OAK HC/FT

CLARA Analytics Groundspeed insureon trov

ASPEN CAPITAL GROUP

claimant CLARA Analytics sureify

FTV CAPITAL

eBaoTech make insurance easy NEPTUNE PATRA

Goldman Sachs

polly NEWFRONT XEMBUS

# Insurance Technology Landscape: Vendors

Selected **independent** insurance technology companies (public, investor-backed, and private).

## Front-Office Software

**\$100M+ Revenue**

APPLIED equisoft IPIPELINE  
 Kissterra Vertafore ZYWAVE

**<\$100M Revenue**

agencybloc agentsync Bindable covr  
 ennabi EasySend fmg suite HAWKSOFT veruna  
 hexure INSLY layr Novidea qover  
 ripe sureify THINK SURANCE Dimensional Technologies ZELROS

## Core System Software

**\$100M+ Revenue**

acturis Benefitfocus businessolver Duck Creek Technologies GUIDEWIRE EBIX EISA  
 FINEOS FIS insurity Keylane majesco ORIGAMI RISK  
 PLANSOURCE RGI risknnet SAPIENS unqork vitech zenefits zinnia

**<\$100M Revenue**

AbsenceSoft AZENTIO BESTOW BriteCore Calcfocus corestream DRC  
 employee NAVIGATOR evident fadata finys illumifin INNOVATION GROUP innoveo  
 INSTANDA Lumera opengi openforce OneShield PCMI  
 PCMS profit SimpleSolve socotra thinktum ventiv WATERSTREET

## Payments /Billing

ascend  
 ePayPolicy  
 Functional Finance  
 iink  
 InsurePay  
 ONE INC

## Data and Analytics

**Underwriting, Claims, and Fraud**

aclaimant AKURB CARPE DATA CLARA Analytics Concirrus  
 convr earnix EvolutionIQ Federatō fenris digital  
 FRISS GRADIENT AI IDOON IQ PLΔNCK  
 pliable reask SHIFT Verisk

**Property/Environmental/Climate/Hazard**

archipelago ARTURO athenium analytics ATTOM  
 Betterview CAPE ANALYTICS CoreLogic eagleview HOVER  
 nearmap Praedixat technosylva TRUE Flood Risk zestyAI

**Auto/Telematics**

CAMBRIDGE MOBILE TELEMATICS CCC CHAMP CLAIM GENIUS IDELIC LULA  
 mitchell OCTO PARTSTRADER roost sambasafety  
 snapchat SOLERA Tractable TRAXERO Zendrive

**Cyber**

at bay axio BITSIGHT Coalition CORK  
 CORVUS cowbell Cyber GRX CyberCube elpha secure  
 envelop KYND KOVRR FALADIN Cyber resilience SAYATA

Note: Certain vendors offer solutions across multiple landscape segments and are shown within their primary/native focus area.

# Insurance Technology Landscape: Vendors (cont.)

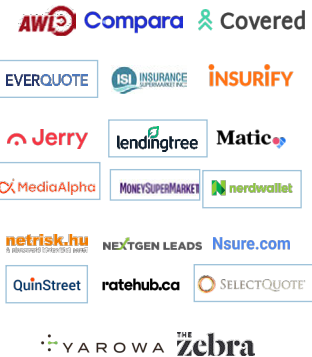
Selected **independent** insurance technology companies (public, investor-backed, and private).

## Digital Distribution

### Embedded/Integrated



### Marketplace/PCW



## Digital Carriers, Brokers, and MGAs

### Homeowners, Renters, and Personal Auto



### Life, Health, and Benefits



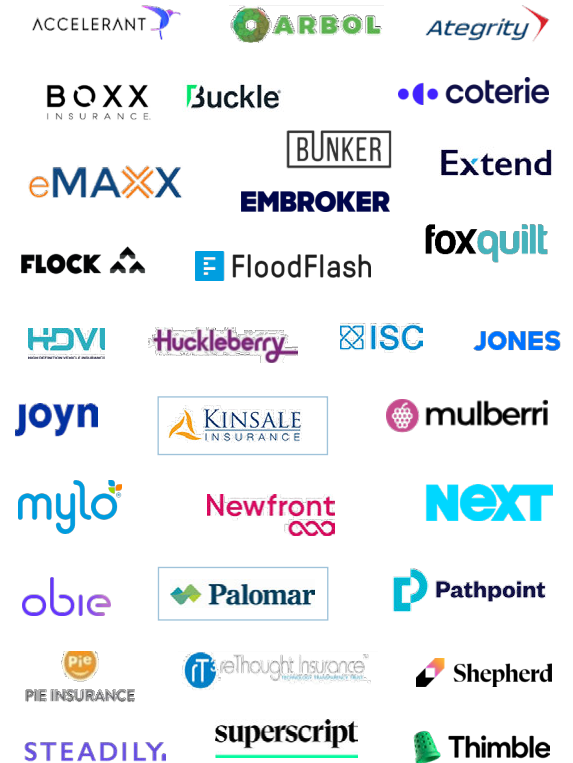
### Vacation/Travel



### Pet



### Commercial Lines



### Cyber Specialists



Note: Certain vendors offer solutions across multiple landscape segments and are shown within their primary/native focus area.



# Insurance Technology Landscape: Vendors (cont.)

Selected insurance technology companies (public, investor-backed, and private).

## Tech-Enabled Services

### Specialized Consulting and Engineering

### P&C Claims: Field Adjusting

### Absence, Disability, and Workers Comp TPAs

### Benefits Administration

## Large, Diversified Players

## Global IT Services Platforms

Note: Certain vendors offer solutions across multiple landscape segments and are shown within their primary/native focus area.

05

INSURTECH MARKET ACTIVITY UPDATE:  
M&A, CAPITAL RAISES, AND PUBLIC MARKETS



**Houlihan Lokey**

## Market Commentary Indicates Persistence of Strong Investor and Consolidator Interest in InsurTech Sector

**Houlihan Lokey Key Observations:** Despite end market challenges, the appetite for insurtech assets across the investor and acquirer universe remains strong as strategic consolidation continues, and growth and buyout investors actively seek entry points while sitting on significant dry powder.

### Venture/Growth

"True tech adoption is still in early stages in insurance relative to other sectors; we expect long-term opportunity to generate returns."

"The dam is about to burst'...legacy systems causing **constraints on modernization and competitive ability**..."

"Long list of improvements by technology to insurance **yet to be explored**..."

"More **conservatively approaching business model assessment** and sustainability of forecast metrics such as **CAC and pipeline conversion**..."

### Private Equity/Buyout

"Current market represents a **good opportunity for bolt-ons** for existing platforms, although diligence and fit hurdles remain high..."

"**Bidding time** as expected, a selection of high-growth companies burning cash have already or will soon run into capital constraints..."

"Believe there is a **cohort of (PE) platform opportunities that is self-sidelined** until valuation environment returns to neutral-to-seller friendly."

"Actively **monitoring renewal trends** of prospects as an indication of developing competitive advantages..."

"See increasing potential for **human touch in digital solutions**."

### Strategic Consolidators

"**Challenging to acquire 'two-steps removed'** from the core offering (either product, geography, or line of business)..."

"Synergy upside, both revenue and cost, are table stakes. **Preference for synergy case already realized** (via a partnership or recent customer engagement)..."

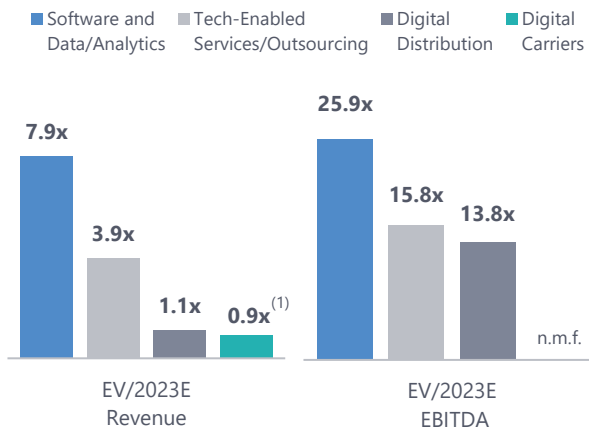
"Breakeven or highly visible path to profitability at a minimum—**minimal appetite for ongoing cash burn/earnings dilution**..."

"Openness to equity deals and/or **earnout structures help achieve higher total valuation**."

# InsurTech M&A and Growth Activity Down to Pre-Covid Levels Contrasting InsurTech Public Company Share Price Index Outperforming Broader Market

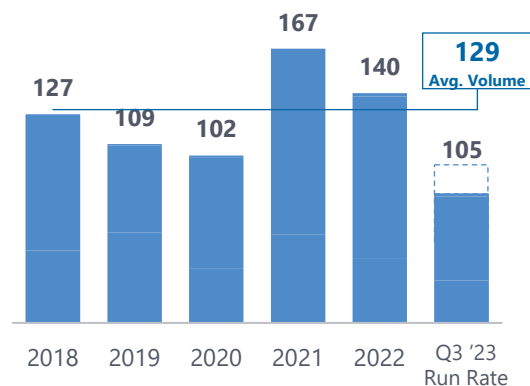
## Public Company Trading

Median Valuation Multiples



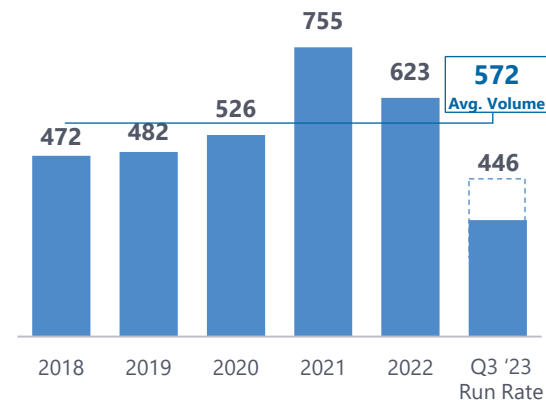
## Mergers and Acquisitions

Annual Deal Count



## Growth and Venture Capital

Annual Deal Count



- Business model is a key factor for recent insurtech public company performance divergence.
- Software and data/analytics index has traded up 44% YTD, accelerating following the Duck Creek take-private in Q1 '23.
- Digital carriers and digital distribution remain under share price pressure, trading at 78% and 76% of LTM highs and 10% and 23% of L3YR highs, respectively.
- Tech-enabled services/outsourcing, while not experiencing as significant of a bump during the COVID-19 run-up, have performed strongest since Q1 '22.
- There is a growing backlog of potential IPO candidates in insurtech sector as public markets remain volatile.

- Market remains active for strategic acquisitions and PE-backed bolt-ons; however, at a lower volume target diligence scrutiny and (generally) lower valuation multiples.
- We anticipate M&A deal activity to return (especially on the PE platform side) to normal and potentially beyond recent averages as market conditions stabilize, acquirer demand intensifies, and the owner's willingness to engage thaws.
- Featured control deals/acquisitions YTD include:



- There is a slowdown in deal activity within the growth and venture deal segment, with this year's deal volume expected to decline from both 2022 (down 28%) and the past five-year average (down 22%).
- Similar to M&A, announced deals are smaller in dollars invested and valuation.
- Despite market headwinds, we estimate that more than 440 growth and venture deals will be announced in 2023, funding 400+ companies.
- Featured growth and venture deals YTD include:



Sources: S&P Capital IQ as of September 30, 2023, and PitchBook.

(1) Digital Carrier multiple reflects EV/Book Value.

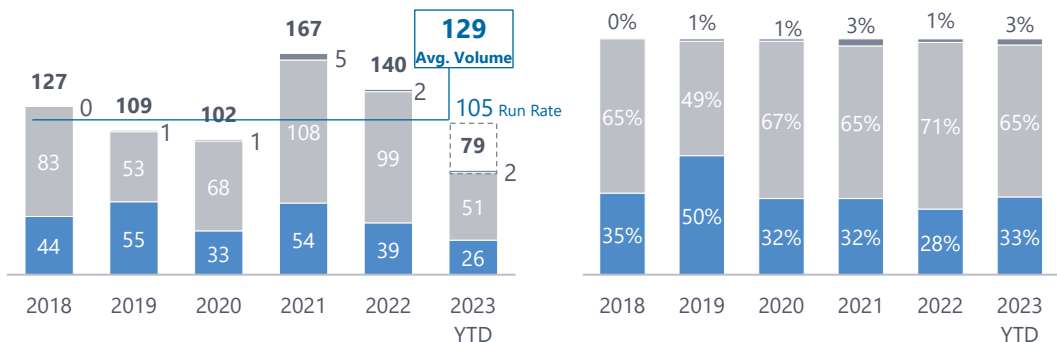
# InsurTech Mergers and Acquisitions

Active, but stifled, consolidation.

## M&A Activity

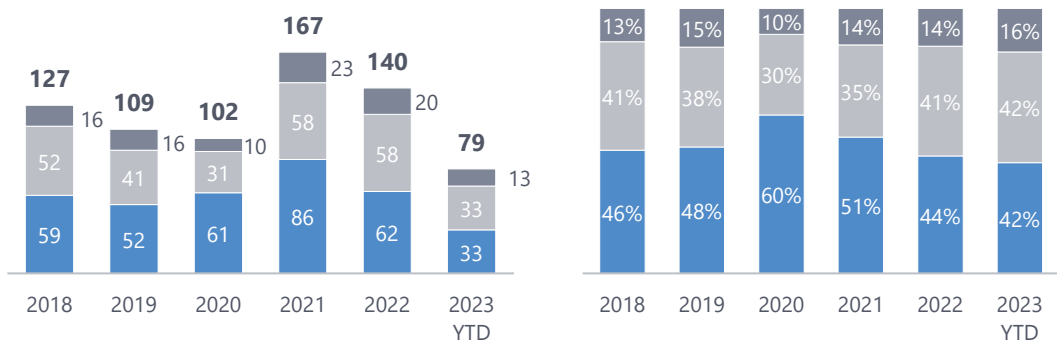
Deal Count and Contribution by Type

■ PE Buyout and Bolt-ons ■ Strategic Acquisition ■ De-SPAC



Deal Count and Contribution by Target Region<sup>(1)</sup>

■ U.S. ■ EUR and U.K. ■ Other



- More than **700 insurtech M&A transactions** were reported from January 2018 to September 2023.
- **The vast majority of deals are for software, data, digital distribution, and tech-enabled services companies** with lesser activity across digital carriers.
- **Market remains active and open for takeover deals in the current environment**, however, the volume of deals in 2023 is expected to be down 25% YoY from 2022 and down 19% against the past five-year average deal count based on YTD run rate projection.
- (Non-PE) **strategic acquisitions represented ~64% of total** control deal volume since 2018, with PE buyouts and bolt-ons comprising ~34%. De-SPACs represented ~2%.
- M&A deal **valuation multiples saw a recent peak in late 2021/early 2022**, with valuations falling on average as macroeconomic volatility increased, public comparables traded down from recent highs, and interest rates tempered both willingness and ability to maintain the prior valuation levels.
- We **anticipate control deal activity to return to normal and potentially beyond** recent averages as market conditions stabilize, acquirer demand intensifies, and **owner willingness to engage thaws**.

Source: PitchBook.

Notes: Completed deals only. Data is non-exhaustive but highly representative of market trends.

(1) Other includes APAC, MEA, Central, and South America.

# Selected InsurTech M&A Activity (YTD 2023)

Buyer composition remains stable despite lower deal volume.

Date	Target	Target Description	Target Country	Acquirer	Acquirer Type	Acquirer Country	EV (\$M)	Revenue Multiple	EBITDA Multiple
Sept.	Vive	Quoting and e-submission platform for term life insurance		Hexure	Strategic		--	--	--
Sept.	Illustrate Inc	Software to optimize the entire business cycle from applications to policy issues		Thinktum	Strategic		--	--	--
Sept.	CRAFTINSURE	Operator of an online boat insurance firm for the marine industry		Ripe Thinking	Strategic		--	--	--
Sept.	DAIS	Advisory platform that enables insurance companies to make profitable deals		Origami Risk	Strategic		--	--	--
Aug.	BROKER BUDDHA	Digital client application and renewal engagement platform for agencies		Acturis	Strategic		--	--	--
June	Groundspeed	Commercial P&C submission and analytics SaaS		Insurance Quantified	Strategic		--	--	--
June	luko	Online/DTC property insurance platform		Admiral Group (LON:ADM)	Strategic		--	--	--
June	Engineering, Inc.	Core software P&C MGAs, carriers, brokers, and administrators		XDimensional	Strategic		--	--	--
June	Aptia	Employee benefits and pensions administration services		Bain Capital	PE		--	--	--
May	MORNING DATA	Core risk replacement software for brokers, MGAs, and carriers		Verisk (NASDAQ:VRSK)	Strategic		--	--	--
May	WIDE	Technology-led insurance brokerage services		Pollen Street Capital	PE		--	--	--
May	APIXIO	AI-driven value-based care platform for health plans and provider groups		New Mountain Capital	PE		\$280	--	--
Apr.	KRUG	Auto claims software solutions		Verisk (NASDAQ:VRSK)	Strategic		\$50	--	--
Apr.	Policygenius	Online insurance marketplace for personal lines		Zinnia	Strategic		--	--	--
Apr.	By Miles	MGA and provider of real-time usage-based insurance		Direct Line (LON:DLG)	Strategic		--	--	--
Apr.	ease	Benefits enrollment software platform for brokers and employers		Employee Navigator	Strategic		--	--	--
Mar.	HUMAN API	Digital health data platform connecting hospital data		LexisNexis Risk Solutions	Strategic		--	--	--
Mar.	Compare.com	Online marketplace for auto insurance comparison		Insurify	Strategic		--	--	--
Mar.	AMODO	Insurance telematics for customer behavior analytics		Cambridge Mobile Telematics	Strategic		--	--	--
Feb.	OTONOMO	Vehicle data and smart mobility platform		Urgently	Strategic		\$271	14.9x (2023E)	--
Feb.	Alacrity SOLUTIONS	Insurance claims management services		BlackRock (NYSE:BLK)	PE		\$765	--	--
Jan.	prima solutions	Cloud-based core software for P&C and L&H		TTS/Constellation (TSE:CSU)	Strategic		--	--	--
Jan.	anorak	Automated life insurance platform		CLARK Group	Strategic		--	--	--
Jan.	Duck Creek Technologies	Core software solutions for P&C carriers, brokers, and MGAs		Vista Equity	PE		\$2,612	7.8x (2023 E)	--
Jan.	CED	Tech-enabled insurance claim management services		Rivean Capital	PE		\$429	--	16.0x (CFY Estimate)
Jan.	IMBURSE	Software platform for access to the global payment ecosystem		Duck Creek	Strategic		--	--	--

Sources: PitchBook, S&P Capital IQ, Mergermarket.com, other publicly available company filings, and industry news reports.

Note: Deals are listed chronologically based on transaction announcement.

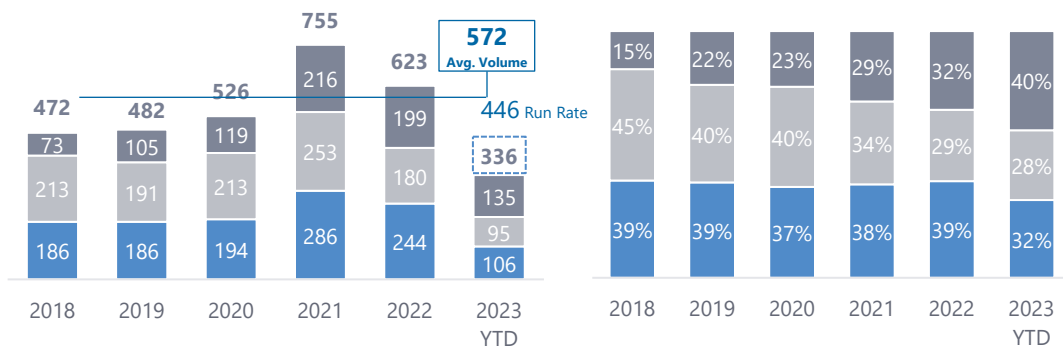
# InsurTech Growth and Venture Capital

Funding continues but returns to pre-COVID-19 deal volumes.

## Growth and Venture Capital Activity

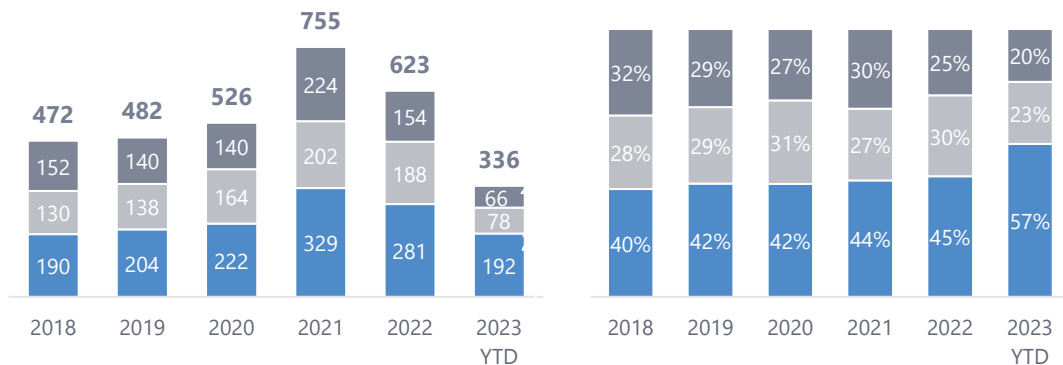
Deal Count and Contribution by Type <sup>(1)</sup>

■ Angel + Seed ■ Early Stage VC ■ Later Stage VC



Deal Count and Contribution by Target Region <sup>(2)</sup>

■ North America ■ EUR and U.K. ■ Other



Source: PitchBook.

Notes: Completed deals only. Data is non-exhaustive but highly representative of market trends.

(1) Excludes Accelerator/Incubator & Grant Deals.

(2) Other includes Central America, South America, Asia, Africa, the Middle East, and Oceania.

- More than **3,200 insurtech venture and growth transactions** were reported from January 2018 to September 2023.
- **The market remains active for venture/growth deals in the current environment**, however, the volume of deals in 2023 is expected to be down 28% YoY from 2022 and down 22% against the past five-year average deal count based on YTD run rate projection.
- Despite the slowdown in deal volume, still more than **300 insurtech companies have reported raising capital in 2023 YTD**.
- Not included is the suspected **increase in unreported fundraising rounds and/or inside rounds** including only existing investors and subsequently not announced publicly.
- Steadily **increasing contribution from later-stage VC** deals since 2018 with an 8pp jump in YTD 2023 to 40%.
- **North America holds the lion's share of reported deals** in the sector, comprising 57% of 2023 YTD transactions—a significant jump from 45% in 2022.

# Selected YTD InsurTech Financing Activity (YTD 2023)

Market shift to smaller deals with more structure and/or lighter valuation.

Date	Target	Target Description	Target Country	Lead Investor	Investor Country	Amount. (\$M)	Post Val. (\$M)
Sept.	Openly	Personal lines insurance services intended to be distributed through independent agents		Eden Global Partners		\$100	--
Sept.	Authentic	Insurance agency offering captive insurance services and products		Slow Ventures		\$6	--
Sept.	pliable	AI-powered platform that makes it easier to organize and leverage data		Resolute Ventures		\$3	--
Aug.	resilience	Cyber risk company for mid-to-large enterprises		Intact Insurance Specialty Solutions VC		\$100	\$950
Aug.	LULA	Platform for car rental companies, trucking/logistic companies, and car-sharing platforms		NextView Ventures, Khosla Ventures		\$36	\$290
Aug.	Functional Finance	Platform for financial management		New Enterprise, Walkabout, Altai		\$8	--
Aug.	Jerry	Application for simplifying the process of managing all things car		Park West Asset Management		\$110	\$572
Aug.	Converge	Advanced cyber risk management and underwriting		Forgepoint Capital		\$15	--
July	ennabl	Unified data platform for insurance brokers/agents to source, advise, and manage clients		Brewer Lane Ventures		\$8	--
July	foxquill	Helps enterprises save on small business insurance		AmTrust, Extreme Ventures, Luge Capital		\$12	--
July	snpasheet	Claims management software and services for auto and property damage claims		State Farm Ventures		\$5	--
July	TRACTABLE	AI platform for accident and disaster recovery		SoftBank Vision Fund 2		\$65	\$1,000
July	CERTIFICIAL	Insurance verification and monitoring platform		Nyca Partners		\$15	\$70
July	hepster	API-driven cloud-based software that quickly builds and deploys digital insurance products		Element Ventures, Claret Capital		\$11	--
July	STEADILY	Online platform that offers new opportunities to secure property insurance coverage		Zigg Capital		\$29	--
June	CompScience	AI-powered workplace safety software for workers' comp insurance		Valor Equity Partners		\$10	--
June	ACCELERANT	Tech-enabled specialty insurance UW with risk exchange and data analytics solutions for MGAs		Barings		\$150	\$2,400
June	insify	Digital insurance for freelancers and small businesses		Various Investors	--	\$11	--
June	qover	Insurance services to create a global safety net		Alven Capital, Anthemis, Kreos		\$30	--
May	Novidea	Real-time business intelligence and seamless workflow management		Battery Ventures		\$50	--
Mar.	gravie	Health insurance marketplace to improve benefits for employers and consumers		General Atlantic		\$179	--
Mar.	Hedvig	Multi-insurance service for home, contents, accident, travel, and car insurance		Adelis Equity		\$32	--
Mar.	equisoft	Front- and back-office software for L&A and P&C insurance and investment end markets		Investissement Quebec		\$125	--
Feb.	FLOCK	Digital MGA for commercial motor fleet insurance		Octopus Ventures		\$36	--
Feb.	InsuranceDekho	Online marketplace for motor, health, life, and commercial insurance		TVS Capital, Goldman Sachs		\$110	\$475
Jan.	superscript	Digital-first platform automating buying and managing insurance		The Hartford, BHL U.K.		\$55	\$128

Sources: PitchBook, S&P Capital IQ, Mergermarket.com, other publicly available company filings, and industry news reports.

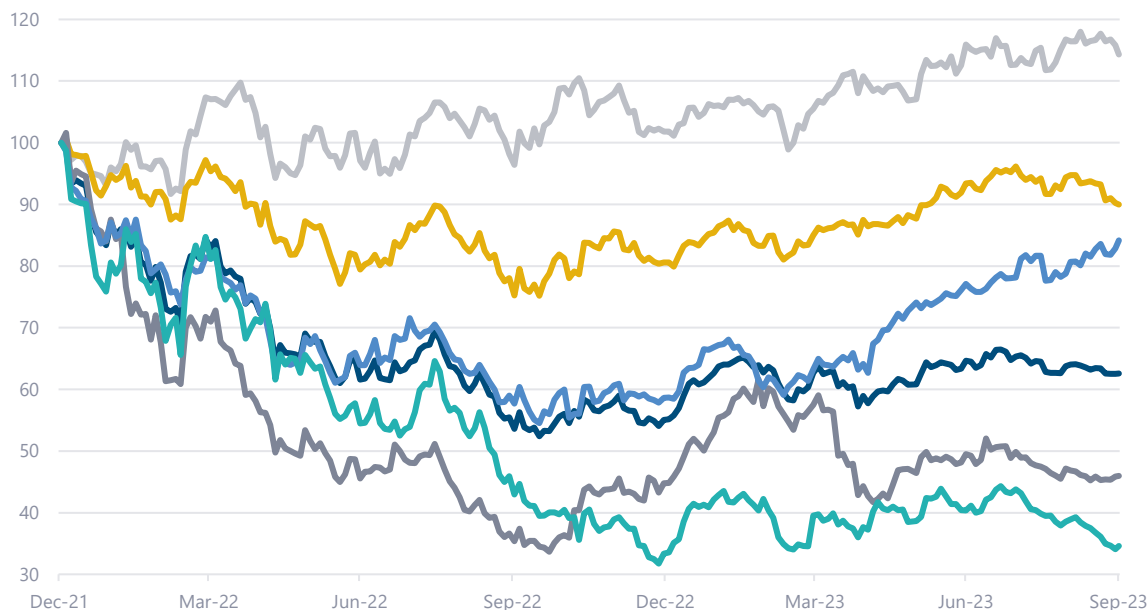
Note: Deals are listed chronologically based on transaction announcement.



# InsurTech Public Companies

Significant variability of performance by subsector, particularly since Q2 as software and data/analytics vendors surge YTD.

## Indexed Share Price Performance



Index	Since Jan. '22	Since Jan. '23
Tech-Enabled Services/Outsourcing	+14%	+12%
S&P 500	(10%)	+12%
Software and Data/Analytics	(16%)	+44%
Total InsurTech <sup>(1)</sup>	(37%)	+14%
Digital Distribution	(54%)	+3%
Digital Carriers	(65%)	+4%

**Software and Data/Analytics**

**Tech-Enabled Services/Outsourcing**

**Digital Distribution**

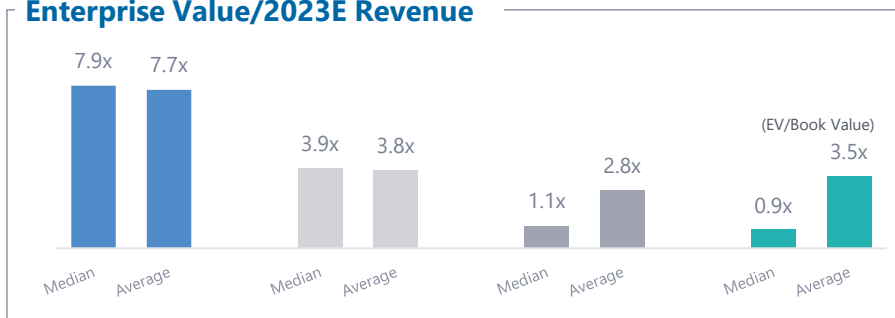
**Digital Carriers**

(1) "Total InsurTech" index includes all companies depicted across all segments of insurtech as shown at bottom of page. Individual company performance detail shown on pg 40. Notes: Indices shown are equal-weighted with all share prices rebased to 100. Data derived from S&P Capital IQ as of September 30, 2023.

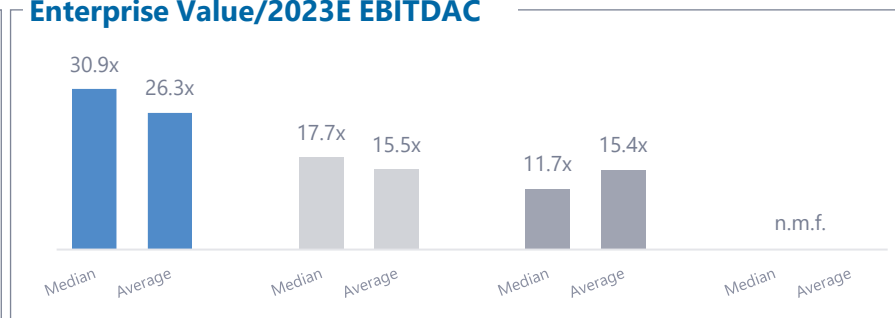
# InsurTech Public Companies (cont.)

Valuation multiples vary widely by business model and underlying operating metrics.

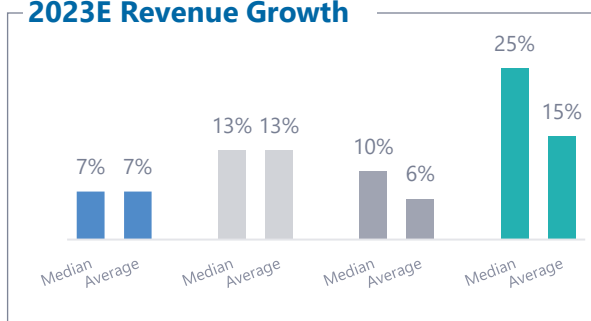
## Enterprise Value/2023E Revenue



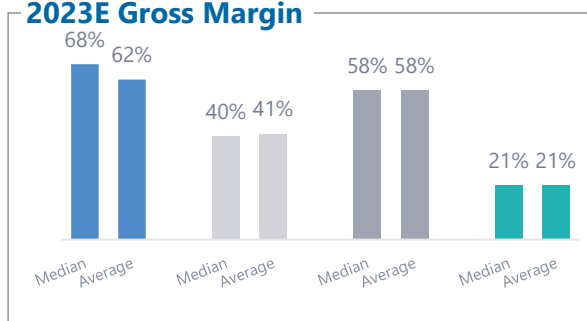
## Enterprise Value/2023E EBITDAC



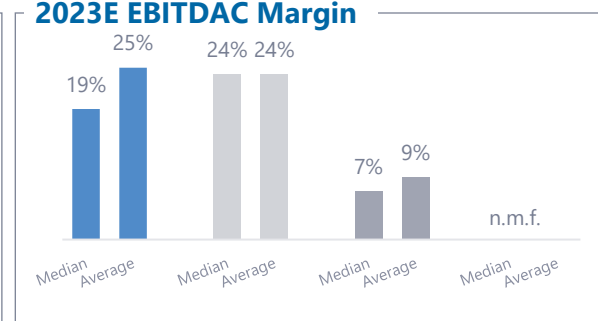
## 2023E Revenue Growth



## 2023E Gross Margin



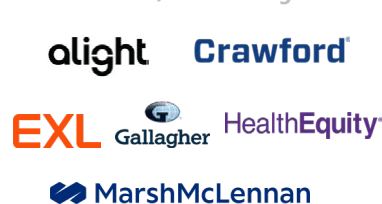
## 2023E EBITDAC Margin



### Software and Data/Analytics



### Tech-Enabled Services/Outsourcing



### Digital Distribution



### Digital Carriers



Notes: Indices shown are equal-weighted with all share prices rebased to 100. Data derived from S&P Capital IQ as of September 30, 2023. "EBITDAC" is equal to EBITDA less capex.

# InsurTech Public Companies: Valuation Multiple and Operating Metric Detail

All \$ USD in Millions

Company Name	Capitalization		Stock Performance		Valuation Multiples						CY2023E Operating Metrics					
	Enterprise Value (\$M)	Market Cap (\$M)	YTD Return	% of 52 Week High	EV/Revenue		EV/EBITDA		EV/(EBITDA—CapEx)		Revenue Growth		Gross Profit	EBITDA	EBITDA—CapEx	Rule of 40
					CY 2023E	CY 2024E	CY 2023E	CY 2024E	CY 2023E	CY 2024E	CY22A—23E	CY23E—24E	Margin	Margin	Margin	
<b>Software and Data/Analytics</b>																
<b>Verisk</b>	\$37,044	\$34,261	34%	95%	13.9x	12.9x	25.9x	23.5x	30.9x	27.8x	7%	8%	68%	54%	45%	52%
<b>CCC Intelligent Solutions</b>	\$8,888	\$8,439	53%	100%	10.4x	9.6x	26.2x	23.7x	31.3x	28.0x	9%	9%	77%	40%	33%	42%
<b>Guidewire</b>	\$7,376	\$7,330	44%	94%	7.9x	7.1x	n.m.f.	n.m.f.	n.m.f.	n.m.f.	7%	12%	51%	6%	5%	12%
<b>Sapiens</b>	\$1,568	\$1,568	54%	92%	3.0x	2.8x	16.0x	14.7x	16.7x	15.6x	8%	7%	45%	19%	18%	27%
<b>Fineos</b>	\$412	\$434	25%	72%	3.0x	2.8x	n.m.f.	22.5x	n.m.f.	n.m.f.	4%	8%	69%	6%	(15%)	(11%)
<b>Median</b>	\$7,376	\$7,330	44%	94%	7.9x	7.1x	25.9x	23.0x	30.9x	27.8x	7%	8%	68%	19%	18%	25%
<b>Average</b>	\$11,058	\$10,406	42%	90%	7.7x	7.0x	22.7x	21.1x	26.3x	23.8x	7%	9%	62%	25%	17%	24%
<b>Tech-Enabled Services/Outsourcing</b>																
<b>Marsh McLennan</b>	\$107,636	\$93,999	15%	96%	4.8x	4.5x	17.5x	16.2x	19.0x	17.5x	8%	6%	43%	27%	25%	34%
<b>Arthur J. Gallagher</b>	\$55,678	\$49,120	21%	96%	5.6x	5.0x	18.6x	15.9x	19.6x	16.7x	20%	12%	44%	30%	29%	49%
<b>Alight</b>	\$7,077	\$3,942	(15%)	70%	2.0x	1.9x	9.6x	8.6x	12.6x	11.1x	12%	7%	33%	21%	16%	28%
<b>HealthEquity</b>	\$6,901	\$6,255	19%	92%	7.0x	6.2x	20.0x	16.5x	20.1x	16.6x	14%	13%	62%	35%	35%	49%
<b>ExlService</b>	\$4,838	\$4,647	(17%)	73%	3.0x	2.7x	14.0x	12.5x	14.6x	14.6x	15%	12%	37%	21%	18%	33%
<b>Crawford &amp; Co.</b>	\$742	\$442	61%	85%	0.6x	0.5x	5.4x	4.9x	5.4x	4.9x	11%	6%	27%	10%	10%	21%
<b>Median</b>	\$6,989	\$5,451	17%	89%	3.9x	3.6x	15.8x	14.2x	17.7x	15.6x	13%	9%	40%	24%	22%	33%
<b>Average</b>	\$30,479	\$26,401	14%	85%	3.8x	3.5x	14.2x	12.4x	15.5x	13.6x	13%	9%	41%	24%	22%	36%
<b>Digital Distribution</b>																
<b>PolicyBazaar</b>	\$4,140	\$4,111	70%	94%	11.2x	8.9x	n.m.f.	n.m.f.	n.m.f.	n.m.f.	38%	25%	43%	(10%)	(13%)	25%
<b>MoneySuperMarket.com</b>	\$1,684	\$1,588	28%	86%	3.3x	3.1x	10.7x	9.8x	11.9x	10.8x	9%	7%	68%	31%	28%	37%
<b>Goosehead</b>	\$1,906	\$1,817	117%	94%	7.1x	5.5x	28.9x	22.5x	n.m.f.	n.m.f.	29%	28%	40%	25%	15%	44%
<b>GoHealth</b>	\$860	\$137	39%	63%	1.0x	1.0x	6.6x	5.7x	7.1x	6.2x	30%	9%	72%	16%	15%	45%
<b>SelectQuote</b>	\$845	\$196	74%	40%	0.8x	0.7x	10.4x	8.7x	10.4x	8.1x	23%	8%	47%	7%	7%	30%
<b>LendingTree</b>	\$760	\$201	(27%)	32%	1.1x	1.0x	10.1x	8.6x	11.6x	9.9x	(30%)	10%	94%	11%	10%	(21%)
<b>MediaAlpha</b>	\$462	\$382	(17%)	49%	1.2x	1.0x	21.1x	12.4x	21.3x	12.5x	(17%)	26%	16%	6%	6%	(11%)
<b>QuinStreet</b>	\$422	\$491	(37%)	49%	0.8x	0.6x	37.7x	8.7x	n.m.f.	9.2x	(5%)	27%	8%	2%	2%	(3%)
<b>eHealth</b>	\$159	\$208	53%	70%	0.4x	0.3x	15.6x	11.4x	30.2x	n.m.f.	10%	4%	100%	2%	1%	12%
<b>EverQuote</b>	\$215	\$241	(51%)	38%	0.8x	0.7x	n.m.f.	n.m.f.	n.m.f.	n.m.f.	(31%)	6%	94%	(2%)	(4%)	(34%)
<b>Median</b>	\$802	\$312	33%	56%	1.1x	1.0x	13.2x	9.3x	11.7x	9.5x	10%	9%	58%	7%	7%	18%
<b>Average</b>	\$1,145	\$937	25%	62%	2.8x	2.3x	17.6x	10.9x	15.4x	9.4x	6%	15%	58%	9%	7%	12%
<b>Digital Carriers</b>																
					EV/Book Value											
<b>ZhongAn</b>	\$5,990	\$4,336	7%	81%	2.7x	n.m.f.	n.m.f.	n.m.f.	n.m.f.	n.m.f.	25%	9%	40%	n.m.f.	(1%)	25%
<b>Lemonade</b>	\$653	\$810	(15%)	46%	0.8x	n.m.f.	n.m.f.	n.m.f.	n.m.f.	n.m.f.	59%	17%	21%	(48%)	(48%)	11%
<b>Bright Health</b>	\$517	\$47	(89%)	6%	n.m.f.	n.m.f.	n.m.f.	21.6x	n.m.f.	32.5x	(52%)	10%	10%	(1%)	(53%)	
<b>Clover Health</b>	\$219	\$524	16%	57%	0.7x	n.m.f.	n.m.f.	n.m.f.	n.m.f.	n.m.f.	(44%)	3%	7%	(7%)	(7%)	(51%)
<b>Doma</b>	\$166	\$68	(55%)	22%	15.5x	n.m.f.	n.m.f.	5.1x	n.m.f.	5.1x	(24%)	22%	29%	(13%)	(13%)	(37%)
<b>DFV Deutsche</b>	\$101	\$112	(16%)	70%	1.0x	n.m.f.	n.m.f.	n.m.f.	n.m.f.	n.m.f.	58%	5%	28%	n.m.f.	(21%)	37%
<b>Hippo</b>	\$7	\$189	(41%)	39%	0.0x	n.m.f.	n.m.f.	n.m.f.	n.m.f.	n.m.f.	69%	81%	6%	(115%)	(115%)	(46%)
<b>Root</b>	(\$192)	\$138	112%	64%	n.m.f.	n.m.f.	n.m.f.	n.m.f.	n.m.f.	n.m.f.	(5%)	22%	24%	(26%)	(26%)	(31%)
<b>Oscar Health</b>	(\$717)	\$1,234	126%	56%	n.m.f.	n.m.f.	n.m.f.	n.m.f.	n.m.f.	n.m.f.	44%	21%	20%	(1%)	(2%)	42%
<b>Median</b>	\$166	\$189	(15%)	56%	0.9x	n.m.f.	n.m.f.	13.4x	n.m.f.	18.8x	25%	17%	21%	(13%)	(13%)	(31%)
<b>Average</b>	\$749	\$829	5%	49%	3.5x	n.m.f.	n.m.f.	13.4x	n.m.f.	18.8x	15%	21%	21%	(30%)	(26%)	(11%)
<b>Overall (Excluding Digital Carriers)</b>																
<b>InsurTech Median</b>	\$1,684	\$1,588	28%	85%	3.0x	2.8x	16.0x	12.4x	16.7x	12.5x	9%	9%	47%	16%	15%	28%
<b>InsurTech Average</b>	\$11,886	\$10,467	26%	75%	4.2x	3.8x	17.3x	13.7x	17.6x	14.0x	8%	12%	54%	17%	14%	22%

\*\*Denotes target in pending acquisition, proposed takeover, or made significant business divestment recently.

Analysis based on data reported from S&P Capital IQ as of September 30, 2023.

Notes: Rule of 40 calculated as % Revenue Growth plus % (EBITDA—CapEx) Margin. "n.m.f." designates outlier multiple greater than 40.0x or negative figure. LTM figures are used if the 2023 estimate is not available.

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