

Incumbents fuel InsurTech investment momentum in Q4 2017

February 1, 2018

LONDON, Feb. 01, 2018 (GLOBE NEWSWIRE) -- Incumbents are exerting an increasing level of influence on the start-up community as part of an emerging trend described as 'The Sobering of InsurTech,' according to the [fourth Quarterly InsurTech Briefing](#) from Willis Towers Watson (NASDAQ:WLTW), the leading global advisory, broking and solutions company.

The latest research, produced by Willis Towers Watson Securities and Willis Re, in collaboration with CB Insights, examines the evolution of the InsurTech market in 2017 and highlights an emerging trend of (re)insurers, directly and through corporate venture arms, increasing their activity in the sector and expanding their focus to invest in a broad range of technologies with potential applications to their core businesses.

The report notes that 35 private technology investments by (re)insurers in Q4 and 120 private technology investments by (re)insurers in 2017 are the highest totals recorded in any quarter and year to date, respectively. Further, 65% of incumbent InsurTech investments to date have been in businesses focused on enabling the value chain, as (re)insurers have attempted to enhance the efficiency of product delivery, underwriting, claims and other administrative functions.

\$697 million of InsurTech funding in Q4 rounded off 2017 at a total of \$2.3 billion, a 36% increase from \$1.7 billion recorded in 2016 and the second highest total for any year to date.

Rafal Walkiewicz, CEO of Willis Towers Watson Securities said: "Incumbents sent a clear message to potential disruptive outsiders: by investing heavily in start-ups and technology, (re)insurance companies appear to have assumed a semblance of control over the InsurTech revolution. During the year, conversations about disruption of the existing value chain evolved towards an efficiency-driven search for incremental innovation. However, technology revolutions rarely result in redistribution of power among incumbents. It can be argued that incumbents' collective response to InsurTech hype has diminished their ability to recognize true disruption."

The report also includes findings from a (re)insurance innovation survey which received responses from nearly 600 (re)insurance and investment professionals. Of note, 75% of respondents believe their company is "moderately" to "extremely" at-risk of disruption, even as 72% of company innovation resources, on average, are devoted to incremental technologies (instead of disruptive or radical ones) and nearly half of respondents describe their company's innovation philosophy as "ad-hoc," meaning their company is neither explicitly a first mover or a fast follower.

Alice Underwood, global head of Insurance Consulting and Technology, Willis Towers Watson said: "(Re)insurers are evaluating the cost associated with early adoption of new technology; this investment can yield great reputational and financial benefits if handled well, but companies that position themselves as fast followers can reap a fair amount of benefit with relatively less risk. However, companies that wait too long may find they can't make up lost ground once anti-selection and other competitive pressures set in."

View the Willis Towers Watson InsurTech Briefing Q4 2017 report [here](#)

About Willis Towers Watson

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About CB Insights

CB Insights is a Pilot Growth and National Science Foundation backed software company that uses data science, machine learning and predictive analytics to help customers predict what's next. CB Insights has built a tech market intelligence platform that analyzes millions of data points on venture capital, startups, patents, partnerships and news media to predict technology trends.

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