

Insurtech giant wefox to raise \$250M

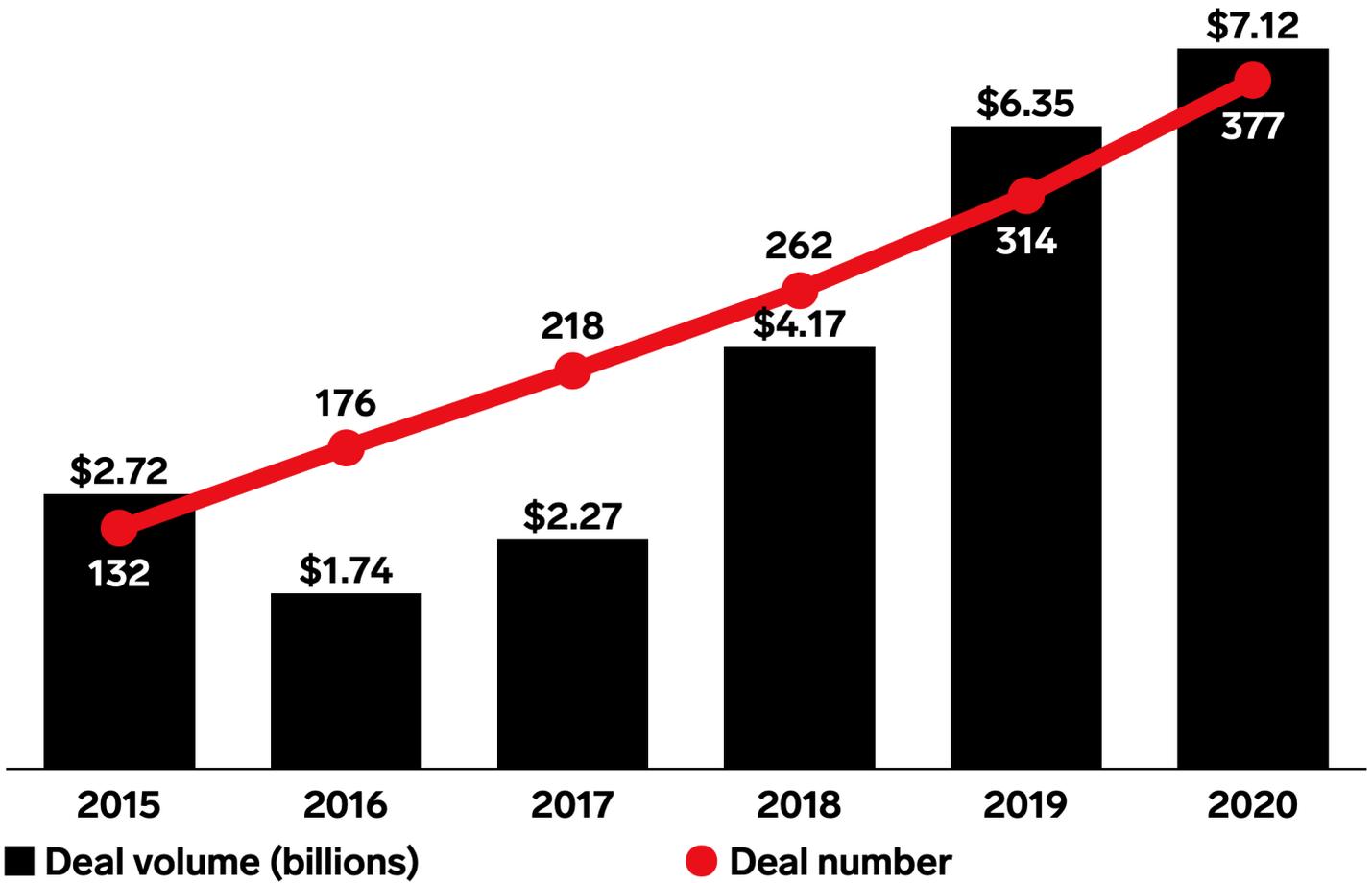
Article

The Germany-based insurtech is expected to close the massive funding round next month to hit a \$2 billion valuation, [per](#) Sky News. Founded in 2015, the insurtech is made up of two business units: wefox and ONE. Wefox is the group's AI-driven business-to-business-to-consumer (B2B2C) operation, where brokers manage end users via wefox's platform. Meanwhile, ONE was launched in 2018 and is the group's customer-facing business: It has 500,000 active policies and 350,000 customers, and provides household, auto, and liability insurance.

The raise will support wefox's ongoing growth by bolstering its tech developments. [Half](#) of German insurance agents experienced a 40% decrease in new business in April due to a lack of adequate digital customer channels amid pandemic-induced lockdowns—pushing demand among agents for insurtech platforms that can ease distribution. This helped wefox hit profitability two weeks ago, per Sky News, in line with its [expectations](#) from last December. Now, it should use the significant cash injection to develop more advanced digital tools and further enhance its value proposition against the [rising](#) number of insurtechs present in Europe. For example, it could help fund its recently announced [IoT-powered](#) warning system, planned for next year, that would alert users of dangers that could affect their premium and lead to costly claims. Wefox could also test new technologies, such as using an application programming interface ([API](#)) to ease the sharing of customers' insurance data or [blockchain-powered](#) smart contracts to automate underwriting and claims.

A number of insurtechs previously focused on one European country are going cross-border, helping them soar in value—which will lead some to go public, starting with wefox and Zego. Insurtechs are expanding their geographic footprint to increase their addressable market and tap new revenue streams. Wefox [launched](#) in Switzerland late last year, secured a license in Poland, and is eyeing Italy, for instance. Meanwhile, US insurtech giant [Lemonade](#) just expanded to Germany, the Netherlands, and France, while Sweden-based [Hedvig](#) secured its pan-EU license last week. These players' continued growth mirrors the insurtech market in the US last year, which led to a number of [IPOs](#). Insider Intelligence therefore anticipates at least two European insurtechs will go public within the next year: wefox expects this to be its last big raise before an IPO, per Sky News, and [Zego](#), which recently became the first UK insurtech unicorn thanks in part to its EU expansion, has said an IPO is [inevitable](#).

Annual Global Insurtech Funding



Source: Willis Towers Watson, "Quarterly InsurTech Briefing Q4 2020," January 28, 2021
Methodology: This data is reported quarterly by Willis Towers Watson.

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