

# Lemonade to acquire fellow insurtech Metromile

## Article

**The news:** US-based insurtech **Lemonade** has announced it will purchase auto insurtech **Metromile** “in an all-stock transaction that implies a fully diluted equity value of approximately \$500 million, or just over \$200 million net of cash,” per a company press release.

**Why Metromile?** The auto insurtech is a trailblazer in the space—and Lemonade can tap into its technology and reach to power its new insurance launch.

- The new auto offering that **Lemonade** rolled out in Illinois a few weeks ago will launch nationwide in the coming months—and its car insurance will be telematics-based.
- The pricey acquisition tag confirms our expectation that Lemonade is betting big on its car insurance offering becoming a substantial revenue driver.
- Metromile's telematics, usage-based insurance technology has disrupted the space over the past decade. Lemonade will get **pricing capabilities that save drivers 47% on their premiums**.
- Lemonade will also gain access to Metromile's customer base: It had around **95,000 policies in force** as of **Q2 2021**.
- The auto insurtech also has a B2B arm through which it sells technology to insurers (like **Tokio Marine Holdings**), **opening up a new potential revenue stream for Lemonade**.

**The bigger picture:** An established insurtech acquiring another following a string of public listings and mega-rounds shows the space has matured. This could make it more difficult for younger insurtechs to compete.

- Several insurtechs followed Lemonade's lead from last year and went public this year — including **Oscar Health, Root, and Hippo**—as some established players matured from disruptors into direct competitors in their lines of insurance.
- Mega-rounds dominated the previous two quarters of 2021: Q2 was the highest insurtech funding quarter on record (**\$4.8 billion**), yet just **15 insurtechs commanded two-thirds of the capital** and Q3 also saw deals concentrated at the top.
- More mature insurtechs that are awash with capital from large raises might seek to purchase smaller players to strengthen their offering—which might make it harder for B2C insurtechs to establish themselves.
- A further barrier to entry will arise if more players follow the lead of **Metromile and Root in partnering to bundle** their offerings.

# INSURTECH ECOSYSTEM

## Car Insurance

metromile

bambi  
Dynamic

carrot  
REWARDING INSURANCE

Cuvva

ZEGO

Clearcover

COVERBOX

ROOT

## Home Insurance

Lemonade

kin.

hippo

Brolly

getsafe

neos

Jetty

urban jungle

## Health Insurance

Clover

ottonova

zest health

bright  
HEALTH

OSCAR

alan

zipari

DevotedHealth

## Small Business Insurance

NEXT  
INSURANCE

pie PIE INSURANCE

DINGHY

gusto

insureon

coverwallet

Tapoly

Note: Full-stack insurtechs have a red box around them.

INSIDER  
INTELLIGENCE