

Marshmallow joins burgeoning UK auto insurtech unicorn club with \$85M raise

Article

The news: The UK-based auto insurtech has **quadrupled its valuation in less than a year to \$1.25 billion**, and it will use the funding to expand across Europe and develop new products,

[per](#) TechCrunch.

What's its appeal? Its data-driven and flexible offering has driven sales—it recently surpassed **100,000 policies sold**.

- **Data-driven.** It targets expats who don't have a driving record in the UK and less affluent consumers with lower credit scores or fragmented address and credit histories, which makes it challenging for incumbents to underwrite them. Marshmallow, by contrast, incorporates global driving data—instead of only national data—in its AI-powered underwriting to better assess the risk of underserved customers.
- **Flexible.** Marshmallow also lets users make changes to their coverage online and instantly for no additional fee.
- **Full-stack.** It's also one of just two licensed insurtechs in the UK, along with [Zego](#), which means it doesn't have to share revenues or coordinate with carrier partners to launch new policies.

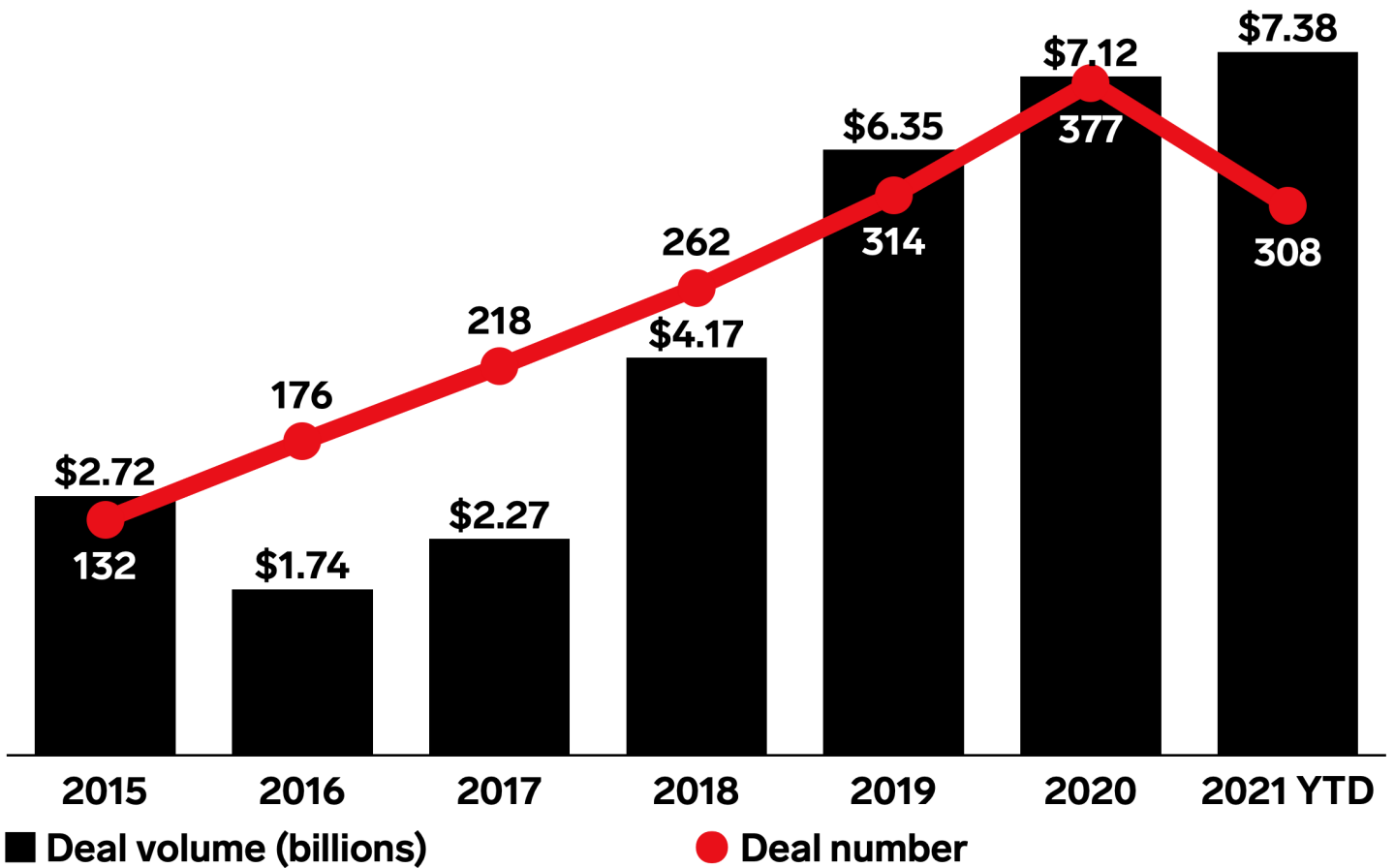
Trendspotting: UK insurtech unicorn club is growing thanks to changing driver behavior and expectations.

This is the **third** insurtech to surpass a **\$1 billion valuation in the UK this year**, following Zego and **Tractable**. And they all focus on car insurance, highlighting the pandemic's long-lasting impact on the industry's digital transformation.

Chartered Insurance Institute [argues](#) that “if people are using their vehicles less often, car share or use public transport, this will ultimately have an impact on what customers want from their insurance products.” That increases demand for insurtechs that offer flexibility, like Marshmallow's fee-free policy changes or Tractable's digital vehicle damage assessments.

Go deeper: Click [here](#) for our take on how the UK became a tech unicorn hub.

Annual Global Insurtech Funding



Source: Willis Towers Watson, "Quarterly InsurTech Briefing Q2 2021," July 29, 2021
Methodology: This data is reported quarterly by Willis Towers Watson.

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