

Late-stage insurtechs take lion's share of record-breaking Q2 funding

Article

The news: Global insurtech funding reached **\$4.8 billion** in Q2 across **162 deals**, per Willis Towers Watson (WTS). And with a great Q1, insurtechs have already raised **\$7.38 billion** in

2021, compared with **\$7.12 billion** for all of 2020.

Here's what drove funding activity in Q2:

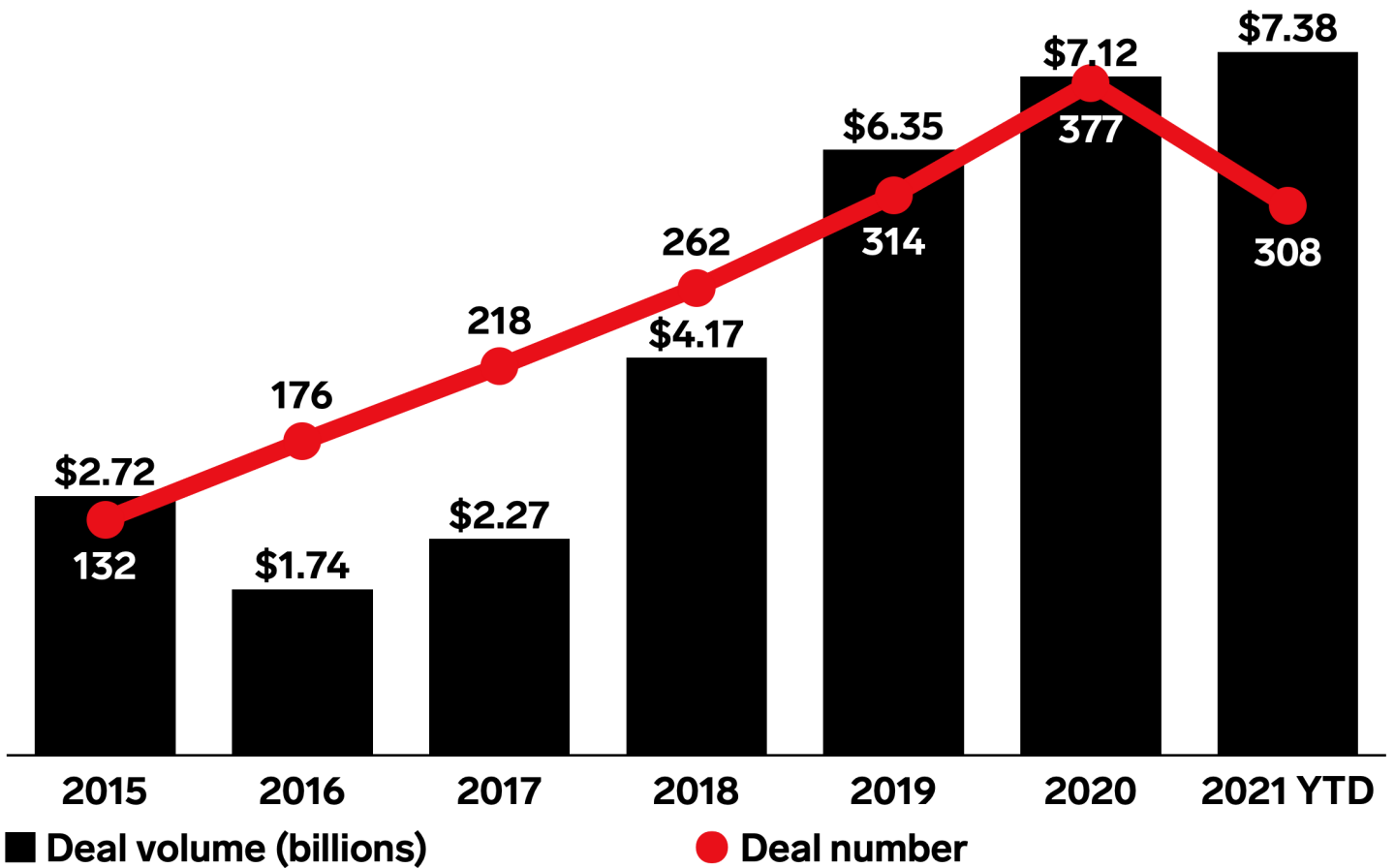
- **Mega-rounds.** Just **15 insurtechs** raised **\$3.3 billion**, or **two-thirds** of total Q2 funding. The funds were mostly later-stage deals to power insurtechs' geographical expansion: Europe-based **wefox** raised **\$650 million**, one of the largest Series C rounds on record, and pet insurtech **Bought By Many** and insurance SaaS provider **Shift Technology** scored Series D rounds of **\$350 million** and **\$220 million**, respectively.
- **Distribution.** Insurtechs focused on distribution (digital brokers and MGAs) accounted for **10 of the 15** mega-rounds and **55%** of all deals. They use tech to help customers digitize insurance sales, like via price comparison site **The Zebra** or commission-less life insurer **Ethos Life**.
- **Geography.** Insurtechs from 35 countries raised funding, compared with 26 countries last quarter. New markets to make it on the insurtech funding map included Botswana, Mali, and Turkey.

The future of the insurtech space: Despite early-stage deals composing **57%** of all deals, the concentration of funding volume among later-stage players calls into question younger startups' longevity.

In 2020, WTS estimated that **184 insurtechs** globally were close to or had shut down since 2010. It now puts this number at **456**. To calculate this, they looked at startups that have raised less than **\$10 million** overall, have not exited or raised capital in more than two years, and are outside the top **25%** in **CBInsights'** tech company health metric, **Mosaic Score**.

The number of insurtechs stagnating will likely increase as established players draw from their combined **\$3.3 billion** in capital to make acquisitions and collaborate to consolidate and block out newcomers. In Q2 alone, B2B insurtech **Cambridge Mobile Telematics** **acquired True Motion** to work with **21 out of the 25** largest US auto insurers and reach 20 countries. And **Metromile** and **Hippo** **partnered** to offer consumers a bundled auto and homeowners insurance product.

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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