

# Chinese insurtech raises mega-round for marketplace offering

Article

Yuanbao raised nearly 1 billion yuan (\$144.9 million) in a Series C funding round that was led by Source Code Capital and included Cathay Capital and Hike Capital, [per](#) Deal Street Asia. The insurtech only launched last year and holds a national insurance brokerage license. It operates as a marketplace, selling coverage options from third-party insurers. It will use the fresh capital to fund the R&D of its core technologies and build smart insurance services.

Despite its recent launch, Yuanbao has already onboarded millions of users with the help of its network of third-party insurers. Yuanbao has teamed up with domestic insurers including Huaxia Life Insurance, China Life Insurance, Sunshine Insurance, and People’s Insurance Company of China. It uses AI to help consumers find the insurance products that meet their needs, enabling users to access policies all in one place. Additionally, Yuanbao offers health management, insurance consultations, smart underwriting, and claims management assistance. With this offering, Yuanbao has reportedly attracted millions of paying customers. For context, Waterdrop, which launched its insurance marketplace in 2017, had 19.2 million paying users at the end of last year, [according to](#) its IPO prospectus.

China has a significant insurance coverage gap, yet strong internet penetration and fintech adoption can help marketplaces like Yuanbao boost adoption. Only about 200 million consumers in China have purchased insurance products, despite the population standing at around 1.3 billion citizens. Insurtechs like Yuanbao and Waterdrop can help close the insurance gap, considering that China's internet users [stood](#) at 989 million at the end of 2020 and it has a fintech adoption rate of 87% among digitally active consumers, [per](#) a 2019 EY report. Additionally, the Chinese life and health insurance market is expected to reach 6.1 trillion yuan (\$949 billion) in total premiums by 2024, with online marketplaces due to account for 9.7% of the total sales, up from 6% in 2019, per Waterdrop’s prospectus—providing such insurtechs with growth opportunities.

Financial Services Sector Technology Spending in China, 2018-2022					
billions of Chinese yuan renminbi and % of total AI-related spending					
	2018	2019	2020	2021	2022
Total technology spending	238.65	278.03	323.23	371.77	419.82
—Fintech spending	76.44	93.87	112.05	133.61	157.98
—AI-related spending	15.21	19.79	25.44	31.78	41.45
% of total AI-related spending	6.4%	7.1%	7.9%	8.5%	9.9%
Note: read as the financial sector (including traditional financial institutions and fintech companies) in China reached 238.65 billion Chinese yuan renminbi in technology spending in 2018					
Source: iResearch Consulting Group, "China AI + Financial Industry Development Research Report," Sep 7, 2020					