APR 15
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Insurtech Clearcover raises $200 million to further boost global funding

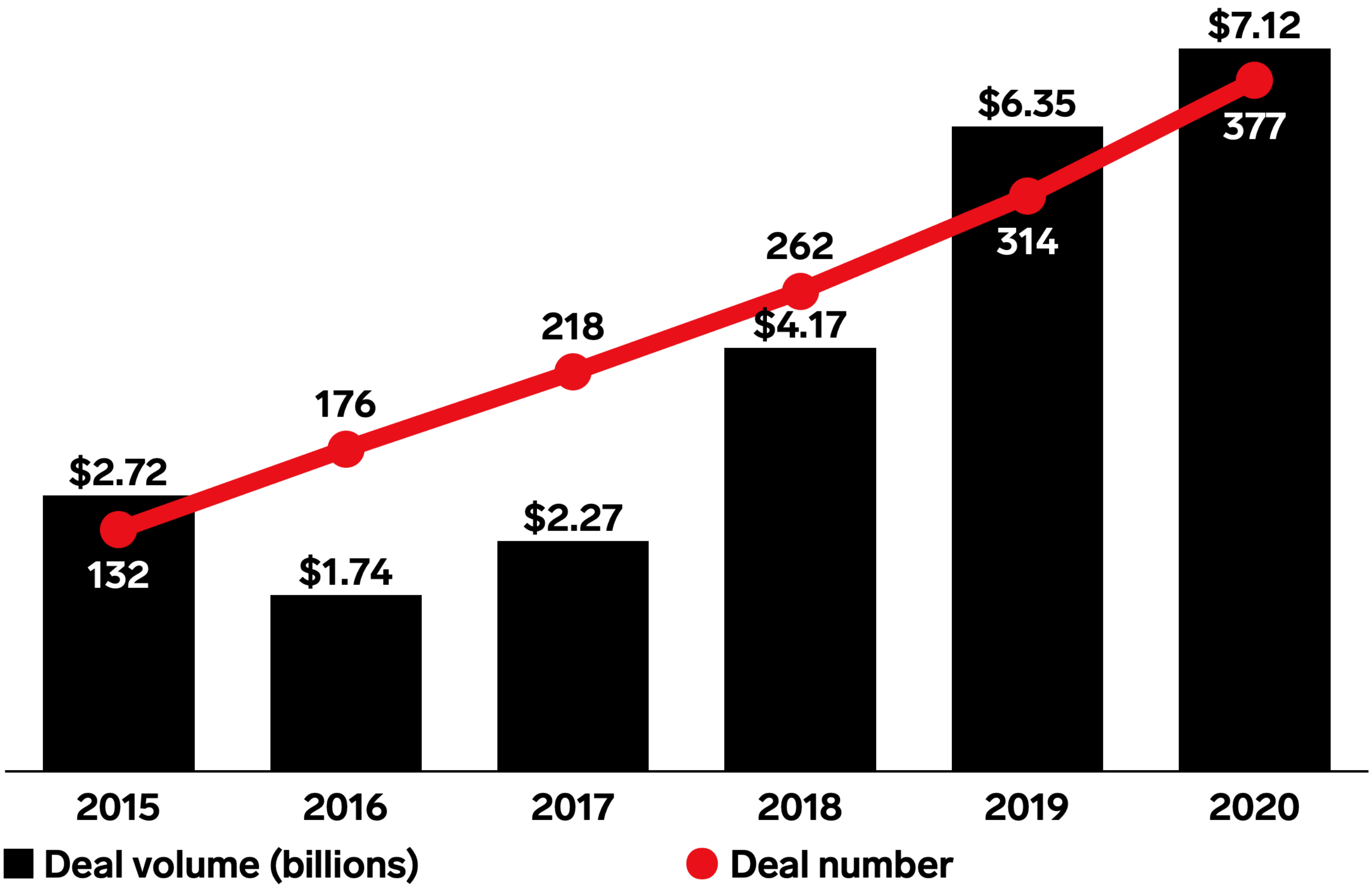
Article

The US-based auto insurtech's large Series D round is rumored to have pushed its valuation over $1 billion, per its press release. It'll use the funding to double its overall headcount and expand to 25 states by next year, up from 15 today. Clearcover's app allows drivers to buy and manage their auto insurance policies, and it underwrites its own policies in eight states as of October.

Clearcover is growing fast thanks to its use of tech to automate insurance processes and remove friction from the customer journey. The pandemic has pushed consumers to purchase auto insurance online and seek more personalized and fairer-priced policies. As a result, Clearcover, which uses AI and big data to better target customers, reported 120% year-over-year sales growth in Q2 2020 and was approaching a $100 million run rate by December, up from $70 million in January last year. In October, the insurtech unveiled Clear Claims, a machine learning-powered claims platform that takes minutes to assess the eligibility of a driver's auto insurance claims and issue payment. It previously took Clearcover claims at least two days to be paid. This likely further accelerated Clearcover's user acquisition, as more than 65% of consumers who adopted digital claims handling practices during the pandemic intend to continue going forward.

Insurtech funding continues to ride a tailwind this year, and Clearcover should look into adding a usage-based offering to further capitalize on changing customer demand. Global insurtech funding reached a record $7.12 billion in 2020 as the pandemic revealed gaps in the conventional insurance value chain that insurtechs filled with digital-first solutions. And funding activity shows no sign of slowing this year, with Clearcover's raise announced on the heels of Pie insurance's, Wefox's, and Zego's own mega-rounds in Q1, to name a few. Clearcover's fellow auto insurtechs also experienced record growth in 2020, with Root growing its revenue year on year and Metromile planning to go public via a special purpose acquisition company (SPAC). To keep up with their scaling, Clearcover should develop usage-based coverage, which has become table stakes among its competitors. This would help it further personalize user coverage and drive acquisition: 69% of insurance customers would share personal data in exchange for lower prices as of July—August 2020, compared with 50% in 2019.

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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