

# Insurtech Hedvig goes full-stack to power European expansion

Article

The Sweden-based home insurtech has secured a carrier license valid across the EU, [per](#) its press release. Launched in 2018, [Hedvig](#) offers rental and homeowners insurance via its app to 50,000 users in Sweden and Norway, and it now plans to expand across new European markets. The insurtech raised €7.5 million (\$8.6 million) last October, bringing its total raised to date to €20 million (\$22.8 million).

**With the EU license, Hedvig can accelerate its growth by freely launching proprietary products across Europe.**

- **The insurtech has experienced fast growth thanks to its cheaper and extensive coverage.** Hedvig allows users to record their claims directly within the app and get immediate compensation for the **simplest** ones, enhancing customer satisfaction. The insurtech also offers prices that are on average **20%** lower than the market. As a result, during 2020 Hedvig grew its gross written premiums by over 200% and claims it now accounts for 8% of all new home insurance policies signed in Sweden.
- **And the license gives it more control over its product suite as it expands.** Hedvig now has greater freedom to develop innovative policies as it doesn't have to coordinate with partner carriers, per its press release. Incumbent insurers have traditionally been **risk averse**, making them less willing to offer new and untested coverage plans that Hedvig may want to trial. In addition, it no longer has to share earnings on policies sold with insurance partners. Hedvig earns a fixed **20%** fee on monthly premiums, and earmarks the rest for paying out claims. Now, without the need for partner carriers, it can set more money aside for claims or other business needs, such as product development.

**Hedvig should back up its expansion by deepening its partnership with fellow insurtech Insurely to better stand out in the increasingly crowded European home insurtech market.** While Hedvig is experiencing rapid growth in the Nordics, its European expansion will pit it against an ever-increasing number of providers. In addition to European incumbents, US insurtech giant Lemonade has **launched** in Europe, starting with Germany, the Netherlands, and France. Meanwhile, France-based home insurtech **Luko**, raised \$60 million last December to fuel its expansion to neighboring markets. To make potential customers' transition to its offerings as easy as possible in this competitive environment, Hedvig should expand its existing Swedish partnership with API provider **Insurely**: Any consumer can compare their current insurance policies with Hedvig's and change directly via Insurely's platform. Hedvig should take advantage of Insurely's similar plans to expand across Europe to drive customer acquisition in its new markets.

# Key Purchase Drivers for Insurance Policies According to Adults Worldwide

## Price

51%

## Personalized products and services

42%

## Usage-based

39%

## Payable in case of future pandemics

39%

## Good connection with a broker or agent

37%

## Claims process is fully digital

36%

## Signing up process is fully digital

34%

## Ability to choose the channel they want to use

34%

## Can use personal data to help protect themselves

29%

Source: KPMG, "Consumers and the new reality: Preparing for changing customer needs, behaviors and expectations," July 27, 2020

Methodology: The data comes from KPMG's "Consumers and the new reality: Preparing for changing customer needs, behaviors and expectations" report. It surveyed 12,334 consumers online across the US, Canada, Brazil, Western Europe, China, Japan, and Australia, between May 29 and June 8, 2020.

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