

N26 makes European insurance push to lure in new paid users

Article

The Germany-headquartered neobank is set to roll out smartphone insurance to its German customers through its partnership with local insurtech simplesurance, [per](#) TechCrunch. Customers will be able to purchase the phone insurance, manage the coverage, and make claims through N26's app. It can be bought as a standalone product, starting at €6 (\$6.84) per month, or included as part of N26 Metal, the neobank's highest-priced subscription plan

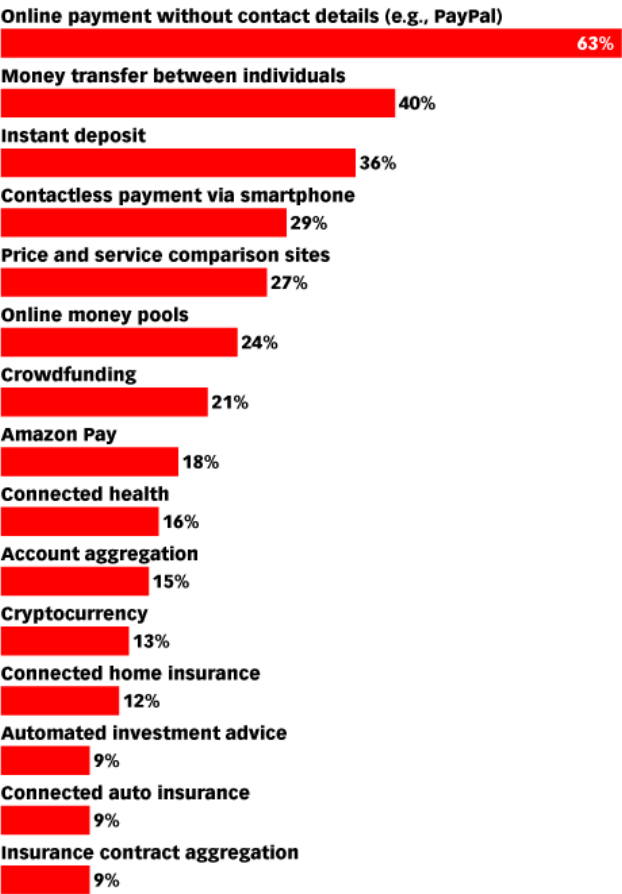
which costs €16.90 (\$19.27) per month. This marks N26's second push into the insurance space: Through its [Allianz partnership](#), customers have been able to access travel insurance via the N26 app since 2016.

N26 can tap into anticipated strong growth in the European mobile phone insurance market over the next few years to fuel further revenues under its freemium model.

- **Phone insurance is a growing market.** Smartphone ownership in Germany already stands at [57.6 million](#) and is still expected to slowly increase in the coming years, constituting a large target market. What's more, the Europe-wide mobile phone insurance market—valued at \$6.94 billion in 2019—is expected to grow at an [8.1%](#) compound annual growth rate from 2019 to 2026, which N26 can leverage to lure in new users.
- **Adding popular insurance coverage will bolster N26's paid subscription services and drive revenue gains.** N26's freemium strategy has been a [key factor](#) in reducing its operating losses, converting a portion of the neobank's [7 million](#) customers into monthly paid subscribers. Phone insurance will strengthen the offering and further attract new users to its premium services.

Insurtech partnerships can form a key part of N26's expansion into insurance and path to profitability. To secure further insurtech partners, N26 should market its large customer base and ability to reduce acquisition costs. This will enable the neobank to offer its users more comprehensive insurance coverage and help N26 better compete for the [50 million](#) neobank users in Europe, to drive its quest for profitability. Given the recent success of European home-focused insurtechs [Luko](#) and [Hedvig](#) in the past few years, N26 should focus on offering home insurance products on its app by leveraging insurtech partnerships. Insurtech products have significant room for growth in this area: Only [12%](#) of consumers have taken out connected home insurance in France, for example.

Digital Finance and Insurance Services Used by Adults in France, Dec 2019
% of respondents



Source: Deloitte, "Les Français et les nouveaux services financiers – 5e édition" conducted by Harris Interactive, Feb 27, 2020

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