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Michael Tattersall

Life insurtech Ladder raises $100M to spread its digitized life insurance across the US

Article

The news: The US-based insurtech closed a **$100 million Series D round** at a valuation of about $900 million after revenues more than quadrupled over the past year, per TechCrunch.

How Ladder works: The insurtech offers flexible, fixed-term life insurance policies via carriers and is projected to issue **$30 billion in coverage** by year's end.

- Ladder offers coverage ranging from $800,000 to $8 million, starting at $5 a month.
- Its policy inception and servicing is fully digitized and requires no health checks for coverage up to $3 million and at-home health checks for coverage above this threshold.
- Ladder offers flexibility to policyholders by scaling coverage up or down as personal circumstances change, like having a newborn.
- Ladder has up to this point written policies through partners like **Allianz**, but the insurtech is now licensed in California to issue policies directly without insurance partners.

What's fueled its growth? Ladder has likely benefited from increased life insurance sales through digital channels in the US—and it has also prioritized targeting younger consumers.

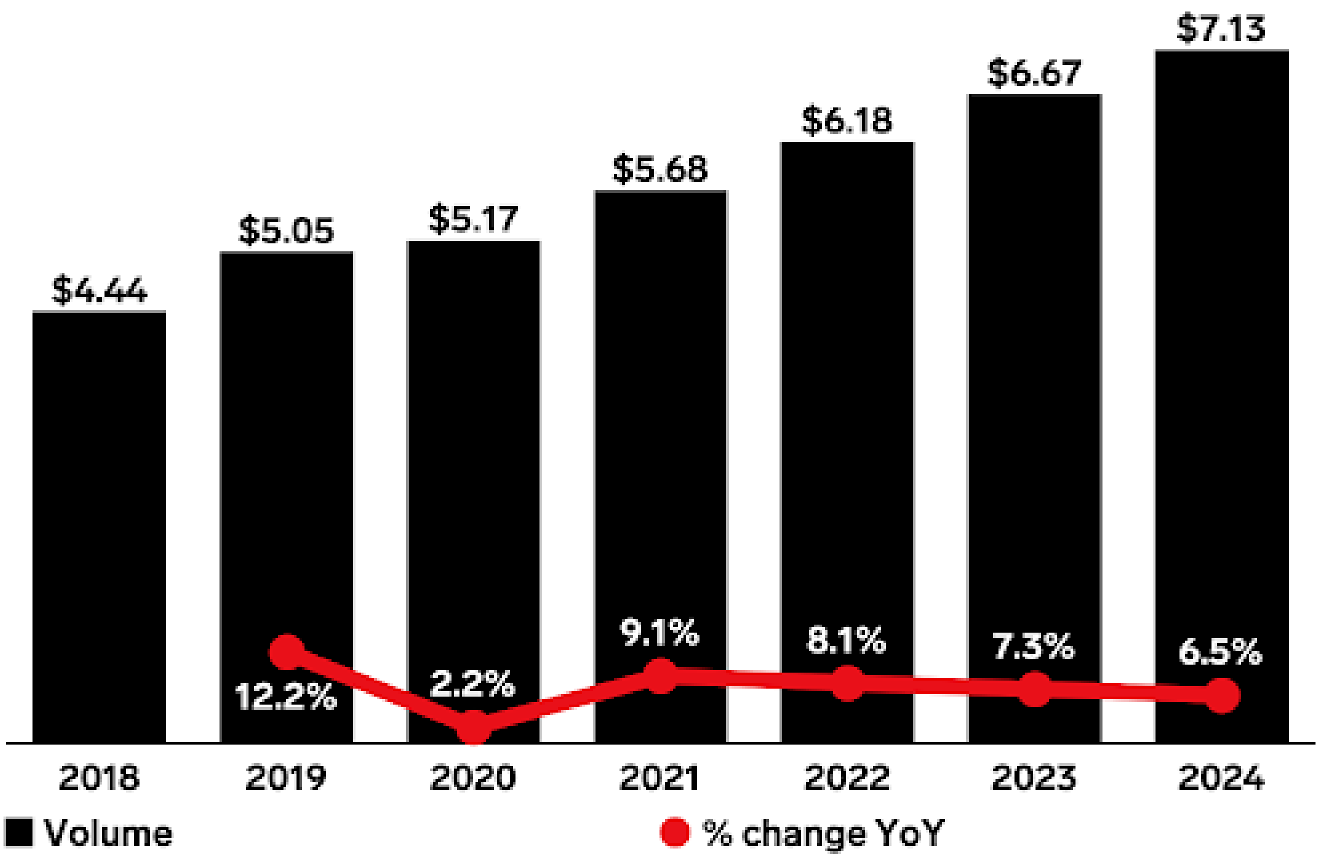
- After years of sluggish premium growth, the global health crisis raised consumer awareness about the importance of life insurance—**which resulted in the largest year-over-year policy sales jump since 1983 in H1 2021**.
- And social distancing requirements in 2020 accelerated the shift away from in-person agent sales toward online channels—and insurers with digitized distribution capabilities like Ladder have scored premium growth.
- US incumbent insurers have long struggled to address the shrinking percentage of younger consumers who purchase life insurance. Ladder is tackling this with digitized interfaces that make it easier to purchase life insurance—it says its customer base is **15 years younger than its incumbent competitors** on average and that 75% are first-time buyers.

What's next for Ladder? The insurtech is pursuing licensing in more states to improve its margins and pass on the savings to its younger target market.

Full licensing to underwrite policies across the US will let Ladder take home the lion's share of premiums rather than sharing the spoils with insurance carrier partners. This will not only increase Ladder's margins but also lets it pass those savings on to policyholders in the form of cheaper policies, which are more attractive to younger demographics: **More than 75% of younger consumers** who purchased an individual life insurance policy in 2020 said they picked the insurer with the lowest price.

FORECAST: Total Annual IT/Technology Expenses of US Life Insurers

billions of US dollars



Source: eMarketer, July 2020
Methodology: Estimates are based on the analysis of data from respective insurer corporate disclosures, reported and estimated non-interest expenses from major insurers, estimates from other research firms, historical trends, GDP trends, technology expense trends, and macro-level economic conditions.

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