

*Minutes of the meeting held at Hiscox on the 14/02/2019*

**Date:** 14th February 2019

**Location:** Hiscox, Hiscox Insurance UK, 1 Great St Helen's, London EC3A 6HX, UK

**Time:** 14:30 - 16:30

**Attendees:**

1. Will Thorne, Innovation Leader, The Channel Syndicate, Chair (FDP)
2. Lidia Bozhevolnaya, Head of Strategy, Hiscox
3. Steven Mendel, CEO & Co-Founder, Bought By Many (attending 1520 to 1640)
4. Trevor Maynard, Head of Innovation, Commercial, Lloyds
5. Matthew Cullen, Assistant Director, Head of Strategy, Data & Analytics at the Association of British Insurers
6. Edward Crowther, Policy Advisor, HMT
7. Pollyanna Deane, Partner, Simmons & Simmons
8. Peta Killian, Market Operations and Innovation, Lloyd's Market Association
9. Vivek Banga, Managing Director, Polaris
10. Greg Michel, Fintech Lead, Tech Nation
11. Meera Last, Programme Manager, Tech Nation

**Apologies:**

1. Gordon Baker, Future Sectors, Business Growth Directorate, BEIS
2. Alexander Milne, Head of Insurance & Capital Markets, DIT
3. Chris Sharpe, CEO, Kinsu
4. Paolo Cuomo, Co-Founder InsTech London & Principal, Boston Consulting Group
5. Blair Turnball, MD Digital & Retail, Aviva UK
6. Martin Mankabady, Partner, Dentons
7. Phoebe Hugh, CEO, Brolly

## 1. Introduction

- 1.1. WT introduces the group and begins proceedings. WT thanked Lidia Bozhevolnaya (LB) and Hiscox for hosting the meeting.
- 1.2. Meera Last (ML) began by giving the context of the report.

## 2. Report Findings - Preliminary Discussion

- 2.1. ML reminded the group of the context of this meeting. In the previous insurtech board, we discussed the need for a status report to check what the ecosystem wants to see solved, she said. With that in mind, Ed Crowther (EC) and ML put together this report.
- 2.2. ML talked through the first slide regarding concerns raised by insurtechs. She discussed SEIS & EIS exclusions; the perceived high regulatory burden; the VAT burden that increases the cost of business for insurtechs; and other related issues. ML asked the group for their perspectives.
- 2.3. Steven Mendel (SM) began by agreeing that the VAT issue is one that could do with addressing.
- 2.4. Matt Cullen (MC) and SM then briefly discussed the work the ABI have already done regarding the VAT issue. It remains a government issue, it was concluded. EC took the action of exploring the possibility to addressing the VAT issue internally first to scope interest.
- 2.5. The discussion then moved on to investment. The report found that insurtechs do find the investment piece a challenge.
- 2.6. The group discussed the elements of the insurance industry that make investment from sources like angels and wealthy incumbents slightly harder to obtain.
- 2.7. This then lead to a discussion around flow in general from “inside” insurance to those outside. The group discussed the lack of talent flow, lack of knowledge flow, and the related challenges. Pollyanna Deane (PD) added that the new businesses need this information and validation crucially, and we need to recognise that the industry is quite exclusive.
- 2.8. SM agreed, and added that the exclusive and jargonistic nature of the industry makes it hard to access.
- 2.9. A series of ideas where then discussed and an action taken. *Actions are detailed at the end of these minutes.*

- 2.10. ML then presented the slide regarding investor concerns in insurtech. A number of things were discussed, including dealflow, insurance expertise within businesses, the time it takes to grow an insurance business, and more.
- 2.11. Vivek Banga (VB) agreed with the point around the time it takes to grow a business. SM agreed, and added that the quality of the business model is probably what's being questioned. If you've got limited resource in terms of capital to deploy, he added, you are more likely to go for an investment that has a shorter growth time, and in an industry that has seen a significant number of exits. Insurtech struggles perhaps with investment because it's an early sector that has a poor success to failure ratio.
- 2.12. SM further reflected that it is a naturally risk-averse and exclusive industry.
- 2.13. Peta Killian (PK) agreed and added that although information might be available as a general rule, it could be both inaccessible but also free from context and therefore not as helpful to a growing business. Initiatives like the Lloyd's Lab do help with this knowledge share piece through the mentor network.
- 2.14. It was agreed that an action should be taken to investigate addressing the issues around knowledge and talent sharing as two distinct challenges.
- 2.15. ML moved on and discussed the slide discussing ecosystem creation.
- 2.16. The group then discussed the benefits of having a shared, open, physical space associated with insurtech specifically, where events could be hosted, and connections made and supported. An action was taken.
- 2.17. ML then presented the slides for the Lloyd's conversations. Reflections were shared around market pressure, resource, profitability.
- 2.18. There was an active discussion around the interest from the broker community. There are scales of interest, but there are limitations depending on the broker size and available resources. TM further reflected that the interests are developing as the business value from insurtech is demonstrated.
- 2.19. ML thanked the group for the discussion and then moved on to the consultancy slide. All of the insights contained within had been addressed in prior discussion.
- 2.20. MC picked up on the point around the supposed regulatory burden and made two further points; one, that it will be interesting to reflect on the success of

the PRA start-up unit in a few months time; and two, that there are onerous business requirements for a reason.

- 2.21. The group did discuss the varying interpretations of Solvency II and reflected that the UK has a particularly high standard when it comes to the reporting burden for Solvency II. MC added that there is another fundamental question around why an insurtech would want to become a full stack insurer and deal with these burdens, when there is the option of being an MGA.
- 2.22. ML flicked to the final slide and gathered the participants for the final discussion element. It was decided that the points around VAT, talent flow, physical space and incumbent challenges were ones the group wanted to address.
- 2.23. The group began to discuss the possibility of developing a framework for secondments. Challenges include time length, the cost to make those secondees valuable, and the variation in need between business stages. The group also discussed the need for a mentor relationship that some earlier stage business would benefit from when validating their business model.
- 2.24. The four actions below were then set, as a result of these discussions.

### 3. Insurtech Standards and related launches

- 3.1. ML briefed the group on the purpose of the launch event, and the details around the logistics. A press release, webpage and comms plan are all being arranged for the launch. We have already seen significant interest, ML reflected, which is positive.

### 4. New members

- 4.1. WT briefed the group on the need to invite more insurtechs to the table.
- 4.2. WT confirmed that Mark Dennis, Global COO and European CEO of Munich Re will be joining for the next meeting. WT also confirmed that we are in line to replace the two outgoing insurtechs with new members.

### 5. Acknowledgements

- 5.1. The Group wants to thank Phillip Brown of LV and Freddy Mcnamara of Cuvva for their time, work and effort in supporting the work of the board.

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Actions taken:

1. VAT. Explore appetite internally at HMT. **EC.**

2. Physical space - creating a lab of labs for shared workspace. **TM, PK, ML**
3. Talent secondment: **LB, ML, TM**
  - a. Encouraging secondments, encouraging people to experience
  - b. Talent growth, talent - FCA secondment - a model potentially to follow
  - c. Create a proposal for a secondment process (make an assessment)
4. Legacy infrastructure, initial explorations: **PD, VB, MC, WT**
  - a. **MC:** Send round the key asks + use cases regarding the pensions dashboard