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InsTech London Podcast 175
Ruth Foxe Blader and Matthew Jones
Anthemis

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Matthew Grant:
Ruth, Matt, great to have you. You were both previous guests on different iterations of the podcast and extremely well known. Certainly the people who I know or seem to know you respect what you're talking about. So I know we've got a lot to talk about today, we're gonna have to cram it into 30 or 45 minutes. Let's see how we get on. Quick bit of background. So Ruth, you're a partner, Matt, you're a Managing Director at Anthemis, as a venture capital investor. Can tell us a bit more about it. I counted not individually but as a rough guess I think

there were over 130 current or former AI companies you've invested in on the website. So that's my view of what you are. I guess, Ruth, coming to you first. Anything I've missed out on that, but we should make sure we get in here?

Ruth Foxe Blader:
Yeah, just one quick thing, Anthemis was actually founded more than a decade ago. So sort of before the term fintech was commonly used and certainly before the term insurtech was commonly used, but yeah, absolutely. We focus on financial services broadly and specifically on insurance and risk management.

Matthew Grant:
Good. Well, I've got a question for both of you. We're all commonly talking about insurtech. I think it's pretty well known, anyone who has heard me talk about it before knows it's a term I try and be very careful to use because it either means everything or it means something very specific. I noticed doing a search on your website that the word insurtech doesn't turn up at all. Could one of you just explain how you describe the companies you're looking at for your portfolio? In terms of what do they cover and what is the common noun that we should use to describe those as we talk about them?

Ruth Foxe Blader:
Yes. So I think insurtech is probably as serviceable a noun as any, I can give you a sense of what it really means to us. I think that if you think about the way that we invest, in the way Anthemis has invested, it really boils down to this concept of embedded finance. And what that means is that the financial system is the nervous system of society. And so we tend to find financial products and services and opportunities, and specifically, insurance opportunities in many different industry verticals. And so we will look at health and mobility, supply chain and logistics, and all manner of different interesting verticals where insurance applications are relevant, as well as horizontal technologies, which are relevant for the insurance industry. And so I agree with you, I think that this catch all term insurtech can certainly be quite broad. And for us, it is.

Matthew Grant:
One of the really interesting things over the last few years has been organisations of all sizes coming in from outside of insurance, providing both data and distribution. So it is really good to see you've got that fairly open view as to what you can bring in. There's loads of things we could talk about, rather than me prescribing what we're going to discuss, what would you say just now are the three most important things you'd like to talk about today,

Ruth Foxe Blader:
A couple things on my mind, and on the mind of a few folks from the insurance industry in the investors that I've pulled, as I've done a couple of catch up so far this year. Everybody's really thinking about the macro picture, what's happening in the financial markets? What's going to happen with interest rates and inflation? And specifically, what does the public markets performance of these insurtechs and more traditional insurtechs mean for private market companies? That's certainly one of the things that's on my mind.

I guess relatedly we really love new and interesting technologies and solutions. So there are sort of compulsory existing insurance products. And there have been some fantastic companies and some interesting companies founded to address those. We also really love novel and exotic insurance opportunities. And so we could talk about what that means to us. And then, I guess, kind of a perennially sad topic for me is why we see so few female entrepreneurs in insurtech, and you know, what we as an industry can do about that.

Matthew Grant:
Okay, well, let's not end on that sad topic, because there’s enough doom and gloom around. So we'll make sure we try and end on a more positive topic. But it's something very important to talk about. So talking about women entrepreneurs, and I've been intrigued by the novel and exotic new technologies out there, that should definitely give us a bit of excitement. And then the money, starting off with what's happening to the public traded insurtechs. And what that means for the rest of the world. So if I get too carried away on something else we're talking about and don't come back to those, please do remind me before we wrap up. Matt, what about you? What is top of mind for you just now?

Matthew Jones:
This year is a really interesting inflection point for this space. So I'm really interested in looking back over the last few years, how it's been going and what's coming up this year in particular. Going back to one of the key themes at Anthemis, the evolution of embedded insurance and its current direction of travel, you know, I think it's probably the most used term at the moment. And then something else that's on my mind, which is why do we have no full-stack insurance companies insurtech businesses in the UK? What is it about our country that's not getting this right? I don't, I don't get it. So we'd love to talk about that a little bit more as well.

Matthew Grant:
Good. And for those not familiar with that word, full-stack is basically an organisation that provides everything from distribution or contact with the client all the way through to the capital. Right. Excellent.

Matt, I do want to come back to you, first of all, and just pick up on something you said on our recent predictions event, which is actually proving very popular, we're kind of watching the downloads just now between that event and Ruth's podcast from 18 months ago to see who's going to get the most downloads. We won't reveal who's in the lead right now, but definitely proving very popular. And just to quote back to you, I just wanted to tell you what you said. And then just if you can unpack it a little bit, which I think links back to some of your themes. So you said "the boom in investment over the last year has, in large part, been driven by generalist investors, who've realised that insurance is a particularly challenging space to do well in." You expect that some of that's going to go to the sidelines. It's very clear what you're saying but perhaps you could explain why you're saying that and that might also be linked to some of the inflection in terms of what's happening in this space?

Matthew Jones:
Yeah, absolutely. I'm glad that we did that before the Christmas sherry was opened as it sounded, it sounded coherent. Maybe you edited that to make it sound a bit better. So I think folks sometimes laugh when I say this, but there's been a lot that has been funded in the insurtech space that probably shouldn't have been over the last few years. And if we take a step back and think about the venture investing community, you've got three, broadly speaking, three kinds of cohorts of investors. You've got the specialists, so the folks that really spend, you know, all day, every day or near enough, on the insurance industry. You've got those one step removed, which are the kind of fintech investors who might spend Tuesday mornings and Thursday afternoons digging into insurance. But they're also spending time on payments and banking, and so on, and so on. And then the third category is the generalist investors who will look at absolutely everything as it relates to technology. And will be looking at the metaverse on a Monday, and then something else entirely, and maybe insurance needs in between three and four on a Friday before going home.

Matthew Grant:
Okay, this is quite important. So let's review what Matt said. So broadly, there are three types of organisations making investments into this space. The first are the specialists, and they're focusing entirely on companies that are working with, or in fact, want to be, in insurance. The second is that broader category of fintech investors who may spend a few hours a week looking at investments related to insurance, but it's not the only thing they're doing. And then finally, the generalist who will look at practically everything. Got that? Okay, so where does Anthemis fit in?

Matthew Jones:

The specialist investors, and I would put us into this category, we are here for the long haul. And we can weather the storm and the ups and downs of what's happening in the public markets. But the truth is that if you look at all of the money that's kind of gone into insurtech over the last few years, we can't do all that on our own as a specialist investor, you need these broader generalist investors with the much much bigger funds to come in and back these companies. And so I think what we've realised is, and I think what a lot of generalist investors acknowledge, is that there wasn't really an appreciation in some ways of the complexity of the insurance industry. It's an industry full of nuances, just like any other industry, don't get me wrong. These kinds of nuances are why certain things have persisted over time, things like intermediate distribution, certain ways of underwriting, even whole institutions like Lloyd’s. Yesterday, there was some data published by Andrew Johnston, now Gallagher, they published the full year numbers for insurtech, and it came to $15.8 billion – 5.3 in the fourth quarter. Now, there's no way, as I said, that this amount of funding can happen with just specialist investors. It's great for the overall ecosystem, because more ideas get funded, more entrepreneurs are attracted to the space. But now what we're seeing in the public markets is these kinds of investors turning away a little bit, and that filters through to the venture ecosystem. And the first folks that are going to notice that and are going to react to that are the generalist investors that have played such a prominent role in this kind of up into the right kind of curve when it comes to venture funding?

Matthew Grant:
And I’ve got to ask this question, and I know you're not going to give me the answer, but maybe you will. Which of those companies that had decent or big chunks of investment shouldn't have been invested in?

Matthew Jones:
You’re right– I’m not going to.

Ruth Foxe Blader:
Should’ve asked me. Just kidding.

Matthew Grant:
Had we reached for the sherry at 11 o'clock in the morning, we might have had a different conversation. For the private after hours discussion I think. Well, anyway Ruth, that's a good link back to you, as you said you’re also not going to reveal anything. But yeah, so probably for those that haven't been tracking it so closely, could you just give a little bit of an overview to what is happening in the public markets. So there's companies that have gone through IPOs, or use their special purpose acquisition companies or their SPACs. And then what does that mean for more broadly, the views of people about the validity of investing in companies?

Ruth Foxe Blader:
Yeah, I guess. So. If we turn the dial back to 2020, we saw a bunch of these early kinds of first wave insurtech companies go public, either via IPO or by SPAC. And today, none of those companies is trading above its IPO price. So, you know, that's very disappointing, to say the least. And I think a couple of things have happened that explain this. You know, one is sort of the fundamentals of those businesses, when they're stacked up next to a bunch of other public markets. Opportunities aren't, you know, proving to be as interesting as maybe they did when they were the sort of highest funded fastest growth, private market companies attacking the insurance industry. And I think that this is one of those places where people in the industry will sort of pronounce insurtech dead. I agree with everything that Matt said actually. But you know, there will be generalist private market investors who decide to take a little bit of a break from insurtech. Because of these poor performances, and probably will do a lot more education, and educate themselves and hire analysts who educate themselves to more deeply understand the right questions to ask, and so that they can more deeply understand the fundamentals of a sustainable insurance business.

But I think that ultimately, the insights that drew the entrepreneurial community, and then the investment, the private market investment community, the VC community, to insurance are stable and do exist.

Matthew Grant:
Okay, well, that's good news for everyone, investors, and entrepreneurs. Don't give up on insurtech. Well, at least not just yet. But as Ruth does go on to explain, building up on her earlier point about education, the focus is changing and finding the right solutions does take some work. So a quick plug for InsTech here, if you're one of those people, and I hope that's all of you, looking to get educated or want to point someone else to some deep insights and research. Well, we've been out there and done that for you. Take a look at our website, we’ve got over 70 events, eight reports, three newsletters, and weekly articles as well, of course, all the podcasts, okay, break over, back to Ruth.

Ruth Foxe Blader:
So we do use a tremendous amount of legacy technology, there's a tremendous amount of inefficiency, a tremendous amount of customer dissatisfaction, there's still so much work to do in the insurance industry. You know, there are massive coverage gaps, there are a number of products that don't exist that can exist, thanks to new sources of data, there are some brand new risks out there. And so I think it's very easy to pronounce things dead, when you know, you have a couple of disappointing outcomes or you know, a disappointing period in something

which is as visible as the public markets. But I think that it would be, you know, woefully misguided, to pronounce innovation and insurance dead and to pronounce insurtech dead. I think that we're going to see a new wave of companies, which is much more fundamentally strong and sound with expert entrepreneurs who deeply understand the fundamentals of the insurance industry. And we're just going to continue to see technology evolution that allows us to build more interesting companies over time. So I would say that, for me, the lesson is, there's been a lot of cheap money chasing all kinds of different opportunities. And some of those have proven temporarily disappointing. I think we're still in early innings, and we're about to see some really interesting stuff this year.

Matthew Grant:
Yeah. I mean, it's often the case, isn't it? You've got the pioneers, they say, the pioneers, the ones who get the arrows in their bodies. And you go back decades, Google was the 10th search engine out there. It's not always the companies that come to the market first. And that I think, also implicit in what you said, now maybe explicit, there will be a shift in terms of what we're seeing, coming to market in terms of what companies are offering them and what you might have seen beforehand. I want to come back on one thing you said on that technology. But first of all, when you look at as investors, what the exit would be for the companies you're investing in, do you still predominantly look to the public markets for an IPO as an exit? Or is it also an attractive option for a trade sale price and other kinds of acquisition rather than going through the IPO route?

Ruth:
So for the exceptional venture capital opportunities, you know, that we would seek to back, we would really want to believe that a company can go public, that it has that kind of staying power, scale, and attractiveness.

Matthew Grant:
When you're talking about technology, what is the balance when you look at the companies in your portfolio? You sort of focus between what you described as the novel and exotic new concepts, new lines of business that couldn't have been done before, either, because people didn't feel that the risk was significant enough or the technology wasn't good enough to do it. Versus the other point you made earlier about improving the operational side. And I always made a dangerous comment about just improving that, but actually, that's a really significant thing to be able to do to improve some of the operations, you can reduce cost. Where does your appetite sit, your view of what the future offers? If you can give us a balance or percentage of one side versus the other.

Ruth Foxe Blader:
It's difficult to provide percentages, because we really look for companies that do both of those things. I think we skew towards brand new opportunities, actually. I think that's just something that we find intellectually interesting and challenging. And, you know, again, as venture investors who are looking for, you know, sort of extraordinary companies, it's quite plausible to believe in something which is brand new. At the same time, the industry is one where there is so much opportunity to work on the inefficiency factor, and the kind of customer service factor. You know, we most certainly do invest in companies that do traditional things, too.

Matthew Jones:
We do invest in companies that are somewhat deeper into the value chain. But if we go back to the portfolio, they're a reasonably small proportion of the overall portfolio, if you stack it up against the new and innovative product concepts that we backed. I think that the truth of the matter is that doing something new is typically, more exciting, right, it's the kind of thing that gets investors' juices flowing, brand new, exciting ideas are the kind of thing that folks can kind of coalesce around. In truth, what we see is that when we're talking about better technology for the insurance industry, it generally puts companies into this SaaS category, which is a very well known and established category of company and venture investments in our world.

Matthew Grant:
SaaS is, of course, software as a service.

Matthew Jones:
There are accepted and expected metrics for those companies as they go through their kind of life, and you're valued based on how you measure up to them. And the problem with the insurance industry, I think, is that it makes it hard to achieve some of these generally accepted metrics. You know, we all know the challenges of sales cycles in the insurance industry, we know the challenges around self service and the dependency risk that often comes with needing to work with consultants to implement your solution. And so it can be hard to get excited, we've got a couple of examples in our portfolio that really did get us excited. One, our most recent investment company called Agency which provides compliance tools to carriers and MGAs, that product has been flying off the shelf. The reason for doing that most recent round is just keeping up with demand. They really hit something that the insurance industry needs. And then Eigen, that is providing a solution for document's AI, is also encountering this kind of fantastic pull from the industry that is finally facing up to the fact that the future doesn't necessarily lie in paper.

Matthew Grant:

Well, it's not often you hear the words excited and compliance in the same sentence. So well done Agency for catching your attention and getting their product flying off the shelf. But it does kind of reinforce something I want to come back and ask you about my own view on this, which is, regulation is often the biggest driver of innovation. And it gets linked to that people tend not to buy insurance unless they either have to, or they've suffered a really big loss. And therefore they realise what the potential is. How do you sort of validate if you're looking at these companies that it's a great idea. I know you can talk about some examples in your portfolio. As my former boss once said, it's a great idea that should never happen. Yeah, how do you filter those out for the ones that really are going to go somewhere.

Ruth Foxe Blader:
One interesting example of a company that we've been working with for a long time is a company called Stable. They do very novel and exotic price insurance for the commodities industry, and particularly the, you know, large food companies looking to hedge out and protect themselves from price volatility. And we went through a journey with them, which began generally addressing farmers in the UK as an appointed representative of Lloyd's all the way through to setting up a collateralised insurer in Bermuda. And you know, at every step of the way, the preeminent questions have really been very, very boring questions about tax and regulation. And, you know, the underlying construction of these protection products, that just happens to be stuff that we find really interesting. As much as I think there are certain ideas that we can dismiss out of hand as being impossible from a regulatory or compliance perspective. I think that every good idea merits serious and significant consideration and there are some pretty significant protection gaps that deserve to be addressed. And so with a bit of creativity, we often find solutions.

Matthew Jones:
I still remember the first time that I met Richard Counsell from Stable and he came into the office and I don't know what it is about that day, or maybe it's about Rich that stuck with me. But it just– I knew in that first meeting, that this was an investment that I wanted to do. Rich had an incredible ability to tell a story about the existence of this problem, and was convincing about his ability to solve that problem. And he was just someone that we wanted to work with. We had that feeling from the very beginning that it was an exciting opportunity.

Matthew Grant:
Also, Richard is a farmer himself. So that's the classic way that people start companies is they've got a problem. And they can't find someone to solve it. So they go and build a company to solve it. I mean, there's not many farmers, I think that have come into insurance and built up a technology company. So good for him for doing that. Ruth, I want to come back to your point

about women in industry and founders generally so we get through the sort of troubled story about why there aren't more before we have to wrap up and leave it at that. So the stats I've seen are a bit depressing, it actually suggests there are fewer, I can't quite recall exactly what they're measuring, whether it was companies being founded or some measure of success, but fewer women are making the headlines, it's another word to use but you know where I'm going, than there have been in previous years. Can you just talk a little bit about that? And just make sure I've got my facts right. And then it'd be good to understand what needs to change to improve that.

Ruth Foxe Blader:
As we do, we're kind of counting up the statistics from last year, it's January of 2022, we looked at 2021 and found that in terms of female founded companies receiving venture capital, that was only 2% of the entire venture capital universe. That's quite an astounding statistic, honestly, I think it's, it's shocking. And it demonstrates significant backsliding, since the past couple of years where actually women have been making gains. And in terms of achieving VC backing. First of all, I just want to say that I don't speak for all women, just because I'm a woman, obviously, and certainly can't explain, you know why this is the case, although I do have some presumptions. You know, one of the things that we saw, generally in the labour market, was that the pandemic has had a disproportionately negative impact on women. And so I think that, you know, we might be kind of able to broadly generalise some of this venture explanation on that basis, and certainly some of the backsliding but yeah, it's incredibly disappointing to me, because I think that, as you mentioned, with Rich Counsell, you know, here's a farmer who's working on a problem that he sees as a farmer. And generally, when it comes to diversity, and not just gender diversity, but all diversity, and venture capital, when we miss people, when we miss large groups of people, as founders, we also miss their communities and the problems that they address. This is why it's really a huge disservice to society when we continue to back the same types of founders. You can only lay, I guess, so much blame with investors for doing that. I think that there's also something about the ambience and culture of entrepreneurship, as we've defined it, which, for whatever reasons, is not particularly attractive to certain types of founders. And I also think that when you see statistics about the likelihood of being founded, you know, it's, it's actually you take a quite calculated view of the risk of founding a company and decide, you know, maybe this just isn't for me. So I think that we need, generally, to fund more fantastic female entrepreneurs. Our portfolio that Matt and I run is more than 70%, represented by underrepresented entrepreneurs. So we know that this is eminently possible. And I hope that more portfolios start to look like ours.

Matthew Grant:

So a couple of questions. So the first one is partly how you think about the companies you invest in, but even more generally, what's happening out there. Quite a few investors, including Paul Graham from Y Combinator, which has been behind some big companies like Dropbox and Airbnb, will only invest in companies that have got multiple founders in them. But when we look at this problem about the female founders, is that the focus around the founder as CEO? How does that look? If you say okay, actually, there's a founding team there of two or three people, one of whom might be female, does this picture look a little bit better?

Ruth Foxe Blader:
Yeah, it's just slightly better, I believe. And actually, I don't have the stats in front of me. I'm sorry, I believe that with one female co-founder, the percentage goes up to 20%. From 2%. It's still not 50/50 Right? It's still pretty insignificant. And so I think the questions to ask are, why are so few women getting funded? And, you know, why are so few startups being founded without a woman as a member of that founding team?

Matthew Jones:
This topic drives me crazy. I think I do blame the investor community, actually far more than I think others do. And I think it starts with the fact that so many venture firms are basically comprised of a partnership that is identical. They're all exactly the same. And the folks that they want to back are pretty much exactly the same as them. And, you know, my appeal, I guess my ask of the insurance industry, who are LPs in these funds, is to ask the hard questions of the firms that they’re backing. Why is it that you don't have a woman on the investment team? Why is it that you don't have someone that doesn't look like you making investment decisions, and direct your dollars accordingly? It's 2022, it is not acceptable and it's laziness. Frankly, I benefit from working with not just Ruth but several other women on our investment team. And that is fantastic. And it is an enormous advantage for us, because we're always able to consider things from multiple perspectives. And she's a damn good investor as well. So, you know, I think it starts with LPs. GPs have to ask themselves some questions as well. But it all flows through to then, you know, to the companies that are being backed, in my opinion.

Matthew Grant:
Thanks, Matt. Just for those, again, not familiar with venture capital terms, so LP would be Limited Partner. So that would be a corporate investor. Just remind me what GP stands for. I should know but I can't recall.

Matthew Jones:
Yes, that's a general partner. So the GP is the venture firm, in a sense, the group of people that are making the investments.

Matthew Grant:
Got it. Thanks. And so I just want to keep on this thread because there's a lot here that's important. What do you feel is the impact, in my view, there's simply far fewer accelerators, incubators, call them what you will, that are helping companies at those important early stages of actually doing the product market fit. Is that notwithstanding what you said, Matt, about the decision of the investment level, but it seems like if the pipeline isn't healthy, and women aren't able to explore those ideas initially, then you've still got the same problem. Is that part of what's happening is it's harder now to get the business off the ground, as well as getting the funding later stage?

Ruth Foxe Blader:
Look, there's never been a better time to be a woman or a diverse founder in venture capital, because people are very, very conscious of these issues. I'm going to give a quick shout out to the Anthemis and Barclays female innovators lab, this is an example, among quite a handful of initiatives, which is seeking to support female founders at the earliest stages, at the idea generation stages, when they might be thinking about founding a company in the financial services space. And there are a number of other initiatives globally that are looking at doing that. I think maybe just to leave this on a positive note, I'll come back to your previous question about, you know, what is your kind of view about only funding teams with, you know, more than one person or this type of stuff. And I think what I would say about that is that in venture capital, you're looking for exceptions, you are looking for exceptional entrepreneurs who are going to have exceptional outcomes. It is very, very, very difficult to succeed as a venture backed startup. And so by definition, it's really impossible to have hard, fast rules about, you know, whom you're backing, you can have hard fast rules about the companies or the dynamics that you're not backing, you know, particularly toxic sounding situations or addressable market topics or things like that. But in terms of like, I'll never back a solo founder or, you know, I only back within, like, that just doesn't make sense. You're looking for outliers. So I would caution anyone who has an over representation of a certain type of person in their portfolio to look for more outliers.

Matthew Grant:
So Matt just to come back to one of your topics you want to talk about, which is, why are there no full stack insurers in the UK? So perhaps you should just explain where they're going if they’re not in the UK? And then why do you think that's happening?

Matthew Jones:

When this current wave of tech driven innovation in insurance began, we started with the predominance model for innovation was the MGA model. And that has persisted. And that serves a large number of companies really, really well over quite a long period of time. We then I would say, about three years ago, maybe three or four years ago, started to see the emergence of these companies saying, actually, I don't want to be reliant on a panel of insurance companies, I want to have my own insurance company. Actually turns out, they're still relying on someone else, they just got reinsurers instead. But they wanted to have control over as much of the value chain as they possibly could. And they went ahead and started incorporating new entities by shell companies, or taking over existing insurance companies in their entirety. And this has proliferated in the US and all of those companies that we were talking about earlier on that have listed are full stack carrier businesses. It's happened in Germany, it's happened in Gibraltar. It's happened, I think, even in France, and various other countries around the world as well. And when I speak to insurtech, we don't have any here. And when I talk to insurtechs, about what their plans are around establishing a carrier, the UK is always kind of there as an option. But it's never the one that they're actually veering towards. And I'm still struggling to understand a little bit why. Also, there are no domestic reinsurers domiciled in the UK with the exception of Flood Re and Pool Re which are partnerships. So I think that it's bizarre as a major global insurance hub, that we haven't managed to crack this nut. And I do believe that it's important to do so actually, I do think that we need to figure out why it's not happening. And I think it's important for the ecosystem to have a handful of these companies here, to just kind of pave the way and show that it's doable for the kind of next wave of companies that come forward. So that's yeah, so that’s my kind of Union Jack waving. Why are we not doing this?

Matthew Grant:
It's tempting to say Brexit for some of those. Zego is full stack, based in the UK, but actually their capacity is in Gibraltar. So they, they don't they don't make it to your list, do they? Because they're not going after UK base capacity.

Matthew Jones:
I think in some cases, some of the startups that we've spoken to have been afraid of approaching the PRA, right? Because they're a bit worried about being told no.
There are some who are being wooed by what they perceive to be some more relaxed regulatory environments in other countries. I believe that the PRA established a new insurance company startup unit and released guidance on how organisations can start that process. Maybe it's a regular kind of capital requirements question. Yeah, I don't know, we're still searching.

Matthew Grant:
We've got you on stage. We’re going to be going back to live events in March talking about moving from MGAs to full stack. So we'll definitely have a chance to develop this more in front of what I suspect is going to be another healthy live audience of 200 people or so. So yeah, definitely, definitely, To be continued. We're getting close to running out of time, because I know you've got real jobs to go back to other than just talking to me, but I did want to touch on one area that, that I know you're active in with a couple of companies, certainly Demex and Kettle, which is related to climate risk. Now I think of climate risk as a risk today. And then there's also what we categorise as climate change risk related but slightly different. I don’t know who wants to jump in on this one. But my personal view on this is this is going to be a massive driver of opportunity for data and analytics, partly because it's increasingly driven by regulation as well as investor as well as other stakeholder sentiment. Can one of you give a view, the kind of Anthemis view on this?

Ruth Foxe Blader:
We agree with you that this is an increasingly important matter, not only for the insurance industry, but also for the planet. As you all know, the insurance industry was one of the very first to pay attention to climate change. And you know, largely because of the massive impact that it has on claims. But I think that we are very interested in the way that businesses are going to react and homeowners are going to react and car owners and all kinds of owners are going to react to increased volatility. We're very interested in that volatility at the cat level but also at the non cat level. So what happens when there's just, it's way colder than it ever was before, as we saw with the polar vortex in Texas last year, which has had knock-on impacts on the supply chain, you know, particularly the US supply chain for months and months since. So we, you know, are also quite circumspect about these projects, they're very hard to execute on, it certainly is a data and analytics question. There are a lot of great teams working on sort of predictive modelling and deeply understanding data related to increased climate volatility and risk. We think that the teams that will succeed really have a special sauce of being able to, you know, create fantastic products that are comprehensible to people in businesses that help them to manage this volatility. And that, you know, can not only assess the risk accurately, but also transfer the risk. And so we have backed a few awesome players in this space, and certainly will continue to look at it.

Matthew Grant:
Well, I'm going to call out the 11FS podcast and the episode you did with Nigel Walsh, recently, Ruth, where you went into a lot of detail about what you're doing with Kettle, and Demex we haven’t got enough time to get into those today, but recommend that podcast anyway and very useful, insightful description there. So thank you for that. And then Matt, one thing we haven't

covered on your list of topics you want to talk about was embedded insurance. So over to you, what do you want to tell us about that?

Matthew Jones:
I think it's interesting that we're now seeing different flavours of embedded. And I'm far away from having my own framework for thinking about this. But there are a few companies in our portfolio that I think represent these kinds of different angles on embedded. So for example, you know, the team at Flock with their feet insurance products, if you want to get the best out of that you want to really maximise what the value that you get from that product, you want to be using telematics, you want to be connecting existing telematics products with the flock insurance products. On the other end of the spectrum, you've got, for example, another company called Loco now, which is an emerging markets telematics proposition, and they have embedded insurance in there, and it's a really convenient, nice to have for customers that are using their products. And then in the middle, you've got the maybe it's not in the middle, maybe it's somewhere else entirely, you've got companies like Hokodo, that are using insurance in a really smart way, they're embedding that into their buy now pay later solution, and it makes it transformational in that it's fundamentally changing the nature of the risks in their business, that them as an investment proposition and the books that they're building are very different because of that kind of embedded products in their alongside lending. When we talked about embedded in the past, it was about a tick a box and you get some insurance. But now I think we're really kind of beginning to move into and see some really smart examples of embedded, which I think is great. And it's a natural kind of maturity of this, this opportunity.

Matthew Grant:
Yeah. And I think to Ruth's point earlier about the evolution of technology, and what that enables, has certainly been driven by the new technology coming out. We did a report earlier this year, which had a number of your companies and the ones you mentioned in that as well. What would be the one thing you want people to take away from this? So when someone says, 'what do you take away from this podcast?' What do you want them to remember?

Ruth Foxe Blader:
I want people to know that we believe in this space. And that, you know, this is still early innings, that the markets have been frothy. And that will turn people off a little bit. But one of the awesome things that comes out of frothy markets is lots of experimentation and lots of projects. And you know, when we start to become a little bit more discerning, we are able to see that they're actually huge, impactful companies that are built on the basis of this experimentation.

Matthew Grant:
Right? It's like the best English beer, not frothy and a bit flat, but actually got the best flavour perhaps.

Ruth Foxe Blader:
If you say so.

Matthew Grant:
Matt, over to you.

Matthew Jones:
I'm gonna just build on that. I think if you are an entrepreneur, and insurance exec or an investor, if you're thinking about investing, advising or partnering with companies in this space, please get in touch. You can reach Ruth and I directly at insurance@anthemis.com, that comes straight to the two of us. We'd love to talk to and we do talk to anyone that shares our interest and enthusiasm for what's going on in this space.

Matthew Grant.
Thank you both very much. Really very, very helpful. We've had an awful lot in that.

Ruth Foxe Blader:
Thank you very much for having us.

Matthew Grant:
Now one of the pleasures of recording these podcasts is that I actually get to listen to the discussions four times in the preparation, when we record, when we do the edits, and then the final check. But it does take that amount of time to absorb all the information. So, if you didn't get all this first time around, then you may want to download that transcript from the website. And you can also find all our reports there events, articles, newsletters, company profiles, and a lot more - instech.london. And don't forget if you're feeling lost and confused amongst all that's going on. We might just be able to help: Matthew Grant on LinkedIn or any of us hello@instech.london.