



# Parametric Insurance

2021 outlook and the companies to watch

## About Instech London

InsTech London was founded in 2015 and has grown to become one of the most active networks of companies driving innovation through the use of technology, data and analytics in insurance and risk management. The two executive partners, Matthew Grant and Robin Merttens, each have over 30 years' experience of bringing new technologies into the global insurance market. Today InsTech London runs regular events (live and digital), a weekly podcast and provides advisory services to its members. We are extremely grateful to our corporate members, now reaching 100, and an extended community of over 10,000 people who keep us honest and informed about what is happening in insurance, technology and beyond.

## Report authors

This report has been prepared by Matthew Grant and Parmjeet Kaur, founder of InsurePro, with support from our sponsors and the broader InsTech London community.

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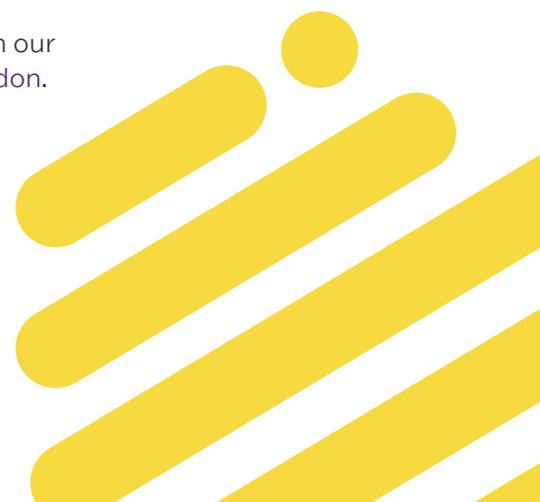
The information in this report is drawn from a variety of sources. This includes our own experience, interviews and live discussions at our events with founders, executives, investors and others active in this area. Further information has been gathered from public sources such as company websites and news items. We have not independently verified all of the information in this report and InsTech London assumes no responsibility for the accuracy and completeness of what is written here. This report is for information only and the views expressed here are not intended to be used as advice or recommendations beyond general observations of trends and themes. The reproduction of all or part of this report without the written permission of InsTech London is prohibited.

## Future reports

Parametric Insurance is one of the 10 themes we believe will be driving change in insurance in the next decade. To learn more about InsTech London, our forthcoming themes, review recordings of our live events or to discuss hosting an event with us, you can find us at [www.instech.london](http://www.instech.london) and contact us at [hello@instech.london](mailto:hello@instech.london). If you believe that your business, or another, should be included in our future reports then please contact us by email [hello@instech.london](mailto:hello@instech.london).

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# Introduction

Insurtech emerged in around 2015 as new entrants looked to challenge traditional insurance by providing a better client experience, access to new capital and ways of insuring the uninsurable. The expectation was that this could be powered by massive amounts of new data, sophisticated analytics and powerful computing technology. Insurtech, as it was originally conceived, has not yet delivered any major changes to how conventional insurance is offered, but parametric insurance does have potential in all these areas. The lure of parametric insurance is the ability to increase the certainty between a loss occurring and a pay-out being made, quickly, accurately and cheaply.



Parametric insurance is not new, but it has seen the most success in providing alternatives to property catastrophe reinsurance, an important but somewhat niche product. A handful of micro-insurance offerings have used parametric triggers. Weather derivatives providing hedges against extremes of heat or rainfall have been around for a couple of decades but take up has been slow.

This is changing. Parametric covers are now being considered across the full spectrum of risk types and sizes. Technology exists to define and deliver insurance coverage based on real time reporting of accurate data. Parametric insurance is starting to offer attractive solutions where conventional insurance has failed. Some of the largest insurance organisations, most notably Munich Re, Swiss Re and AXA are structuring innovative placements. New companies are emerging and finding customers and investors within and outside of the insurance industry. It is clear the need exists, but most use cases are still in early stages. The opportunity is there to become a leader in providing new forms of insurance for insurers, investors and start-ups and the door is open to established organisations from outside of insurance.

One of the biggest challenges is to achieve scale. Insurance operates most effectively when hundreds or even billions of dollars of protection is offered. There are benefits from diversification and lower costs of implementation. As with any new business idea, even the best parametric insurance ideas will fail if they don't offer compelling solutions to real needs. Creating a parametric index is getting easier and cheaper. Some data sources and indices are free. The major costs will be in marketing and distribution. Early success stories will be crucial as will collaboration with partners.

So why did we produce this report? Parametric insurance is at heart a simple concept, but it can appear confusing given the diversity of offerings and companies in this space. At InsTech London we look for the companies, both new and old, offering data and analytics, then explore where these fit between the customer and the capital. It is refreshing to hear from new companies, but established ones should not be ignored. Many of the companies active in parametric insurance offer what appear to be blended solutions of technology and insurance. Most of them aim to make money in only one of three core areas: distribution, data and analytics or underwriting.

This report is not intended to be totally comprehensive. Our aim is to provide context around what parametric insurance can offer, where it has come from and where it may end up. We have identified some of the companies we believe are already demonstrating leadership in this space and those that are worth keeping an eye on for what may emerge in the next few years. This report would not have been possible without the support of all the companies and people we have spoken to, or who have joined us for our variety of events and podcasts over the last five years.

Matthew Grant  
Partner InsTech London

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# Why this matters

If any of these five themes are relevant to you, then it's worth learning more about parametric insurance:

- The ability to provide insurance in areas of the world, or types of risk, that are today considered uninsurable.
- Taking advantage of the emergence of new and reliable data sets across multiple industries.
- New opportunities for companies from outside of insurance to provide solutions.
- Innovative approaches to loss prevention and mitigation through risk management and disaster financing.
- Learning about where parametric insurance has been successfully used as an alternative to traditional insurance in the last twenty years.

### Parametric landscape: Established companies

<b>MGA/Brokers</b> ARBOL QOMPLX Jumpstart NEW PARADIGM UNDERWRITERS LLOYDS Blink Parametric A Blink Innovation Platform FloodFlash DESCARTES	<b>Insurance Capacity</b> hannover re RenaissanceRe Munich RE AXA Swiss Re GP GLOBAL PARAMETRICS	
<b>Facilities</b> African Risk Capacity CCRIF-SPC	<b>Data Providers</b> PERILS CoreLogic	<b>Analytics Agencies</b> CelsiusPro RMS Verisk Parsyl

### Parametric landscape: Ones to watch

<b>Data Providers</b> CAPE ANALYTICS VenderSax Praedicat STABLE METABIOTA zesty.ai SPRINGBOARD. JUPITER athenium analytics Weather Analytics The RepTrak Company Speedwell Weather JEA	<b>MGA/Brokers</b> Setoo METEOPROTECT parametrix Súper EXANTE SKYLINE PARTNERS	<b>Analytics Agencies</b> DEMEX UNDERSTORY WorldCover WETTERHELD RYSKEX CULTOVO bsurance
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