



RESEARCH REPORT

The True Impact of Insurtech

AN EXPERT'S PERSPECTIVE ON THE PAST, PRESENT,
AND FUTURE

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Mark has been actively engaged in the insurtech space from its inception. In addition to being named a Top 50 Insurtech Influencer for over a decade, Mark was a mentor in the early days for the Global Insurance Accelerator and InsurTech Ohio and is currently a mentor for InsurTech Israel. He has advised scores of startups and is a board member of Maptycs, an insurtech focused on exposure management. Mark has participated in and/or conducted over 50 insurtech events and has written dozens of research reports, blogs, and byline articles on various aspects of insurtech. The most recent insurtech research was a collaboration with Insurtech NY on the MGA space. In his role at ReSource Pro, he provides strategic advice to many brokers, MGAs, and carriers on their insurtech strategy and partnerships.



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ReSourcePro INSIGHTS

ReSource Pro Insights offers a broad range of research and observations on the insurance industry. We provide substantial studies, analysis and perspectives on business and technology strategies and plans across the P&C ecosystem, covering retail agencies and brokers, MGA/wholesalers, carriers, and tech vendors. Our coverage includes distribution, underwriting, policy servicing, billing/payments, and claims business areas, as well as cross-enterprise areas such as strategic initiatives, digital transformation, innovation, customer experience, and talent.

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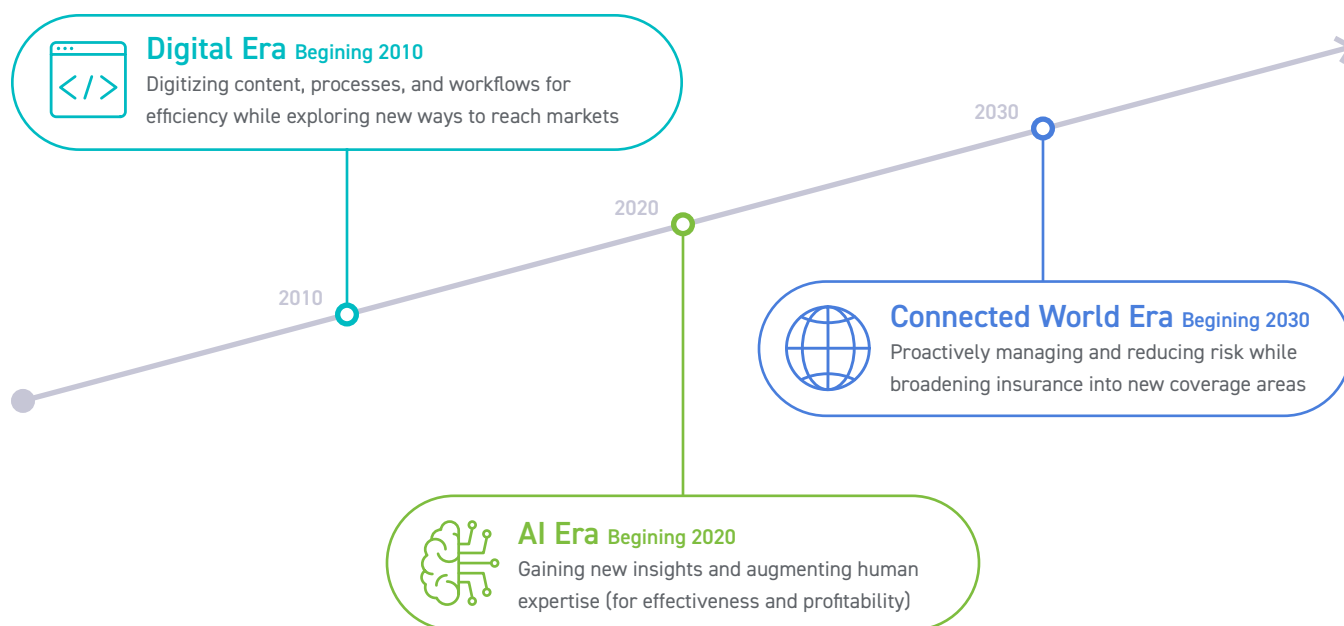
Introduction

Insurtech emerged in force around 2010 as an outgrowth of the earlier Fintech movement. Some might say that now, 15 years later, insurtech has become MatureTech, but that would only be partially accurate. There are certainly specific companies and areas of insurtech that have matured, but there are still new entrants and new developments virtually every day that keep the sector entrepreneurial and innovative. Over the course of this time, a whole industry ecosystem has evolved to support the movement, including investors, media, consultants, analysts, accelerators, events, and more.

Since there has been so much published, discussed, and analyzed regarding insurtech, this report provides a perspective on the long view – looking back to 2010 and forward to the next decade of insurtech. Therefore, our focus is not on deals, dollars, and exits, although we cover some of these as illustrative examples. Rather, the emphasis is on big themes, impacts on various parts of the insurance ecosystem, and predictions for the next 10 years through 2035.

In that vein, we posit three stages of insurtech, as shown in Figure 1, with each phase roughly representing a decade. There are other views of the eras of insurtech, but most of those are historical and span shorter time frames.

Figure 1. The Three Eras of Insurtech



As might be expected, there is considerable overlap between the capabilities delivered during each of these eras, but each decade has a central theme, as described below.



DIGITAL ERA: 2010 – 2020

Data has always been at the heart of the insurance business. Because insurance is not a physical product and is instead a contract that is fulfilled via claims services, there is an enormous amount of structured, semi-structured, and unstructured data flowing through the industry, providing significant opportunities for digitization. In addition, the ecosystem has complex interactions between many parties – retail agencies and brokers, MGAs, wholesalers, program administrators, carriers, reinsurers, BPO and TPA services providers, and more. The flow of data among (and within these parties) often creates inefficiencies in workflows and processing.

Much of the first decade of insurtech was spent tackling these problems of digitizing data and automating workflows. In the beginning, the primary focus was on personal lines and distribution, given the higher volume and repeatable transactions involved. Over the years, insurtech solutions began addressing small commercial lines and then more complex commercial, as well as solutions for underwriting, policy servicing, claims, and more. By the end of the Digital Era, every type of entity in the ecosystem and every business area had some level of insurtech involvement.

Primary business benefits: Improved efficiencies and speed to market



AI ERA: 2020 – 2030

The current era of insurtech is heavily focused on artificial intelligence in all its forms. The P&C insurance industry has experimented with and leveraged AI for decades, but accelerated technology developments in the last few years have put AI at the center of new insurtech companies. There is no question that there is a lot of hype – but there are also practical use cases and a very promising future for AI for all insurance participants. (Learn more about AI applications across the insurance industry in our “State of AI in P&C Insurance” research report.)

It is tempting to concentrate on generative AI and large language models (LLMs) as the reasons why so many insurtechs have AI at the center of their value proposition. Clearly, this is driving the excitement and the opportunities for AI in insurance. However, there are substantial advances and opportunities for machine learning, computer vision, natural language processing, and other areas of AI. The advances in foundation models/LLMs contribute to this as well, but some are also due to the evolving industry experience and vendor solutions for specific use cases leveraging these technologies.

The progress in digitizing content and automating workflows from the first era of insurtech has now set the stage for using AI-based solutions for more insights and augmented decisioning in key areas such as underwriting and claims.

Primary business benefits: Improved effectiveness and profitability



CONNECTED WORLD ERA: 2030 – 2040

Many in the industry recognize the potential of connected devices to transform insurance. Since the early days of telematics and the Internet of Things (IoT), insurers have imagined the possibilities of leveraging real-time data to proactively manage risk and reduce claims. In theory, there is a win-win situation for customers and insurers as devices are connected to everything the P&C industry insures – people, homes/buildings, vehicles, physical property, etc. In addition, understanding real-time risk opens up new areas of insurance coverage. However, this vision is taking a very long time to realize. Vehicle telematics is farthest along, while the IoT for personal and commercial lines is on a slower trajectory.

Why do we believe that the decade of the 2030s will be the connected world era for insurance and insurtech? For starters, the pervasive digitization and use of AI create the foundation for capitalizing on connected devices. The ability to process, understand, and act upon massive volumes of real-time data can only be done with a strong foundation of digital content and processes and AI to harness that data. However, just as important is experience – both industry experience with IoT solutions and claim loss experience to understand the true impact.

Primary business benefits: Reduced claims and coverage for new exposures



Major themes that define insurtech today

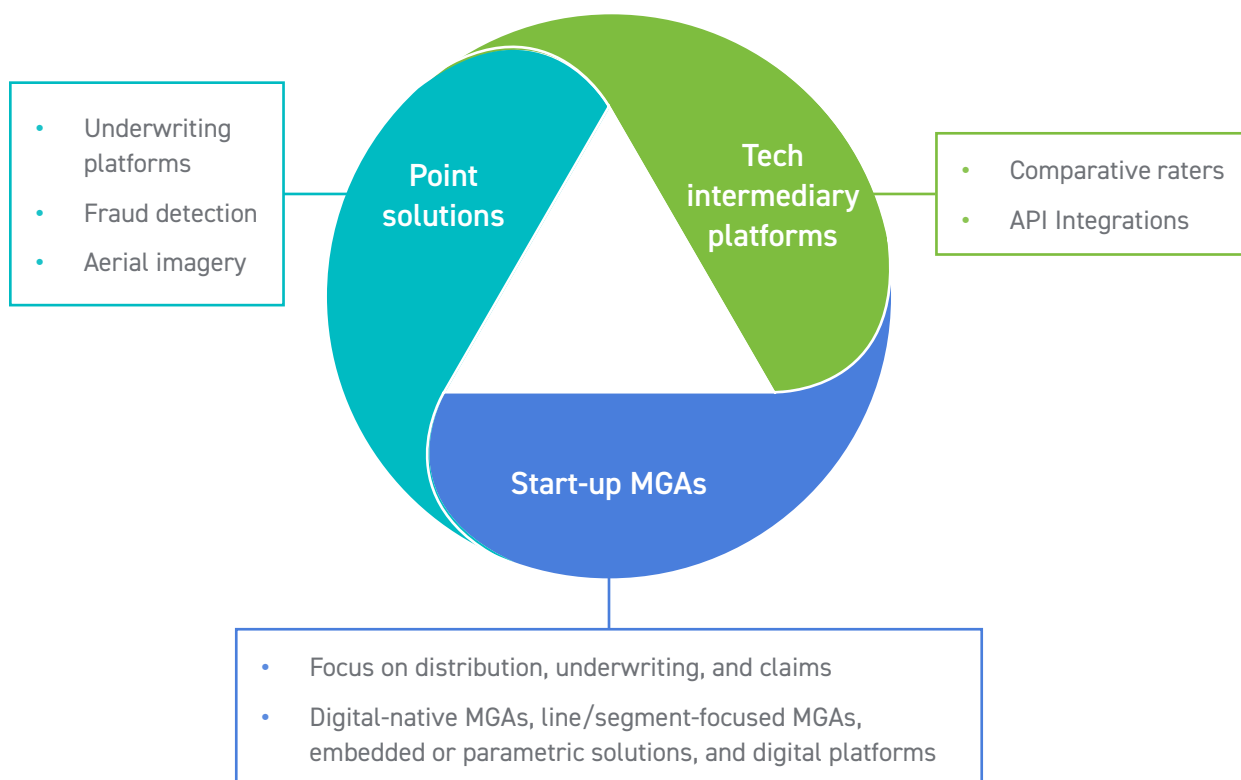
1. Partnership, not disruption

The major word bandied about in the early days of insurtech was “disruption.” New entrants promised to dramatically transform the industry and take market share away from incumbents – especially from agents and carriers. Many of these startups had limited or no experience in insurance but targeted the industry as inefficient and slow to change. While those criticisms were not unfounded, there was also a significant underestimation of the complexity of the industry and the importance of relationships.

As startups gained experience and more industry veterans joined insurtech crews, the focus shifted from disruption to enabling transformation. Insurtechs have since moved away from being adversaries to true partners for incumbents. There are still those that have a disruption mindset and a small few that are actually shaking things up. But ultimately, the hype and the investments were way ahead of the impact.

That is not to say that insurtech has been a failure – far from it. Insurtech has been a vital movement for the industry... a catalyst for change... with selected companies making an impact. Most of the success has been in the three areas outlined in Figure 2 below.

Figure 2. Key Categories of Insurtech Partners



2. Expansion of insurtech scope

In the early 2010s, many insurtechs were focused on digital distribution for personal lines. These often took the form of comparative rater platforms or digital agencies. While there were players in other areas, like telematics and full-stack carriers, the main emphasis was on distribution. From those early days, the scope of insurtech has expanded in three dimensions:

- **From the outside in:** After the initial focus on new distribution options, new entrants marched through the value chain, offering solutions for underwriting, claims, and other areas within MGAs or carriers.
- **From the inside out:** Early insurtechs had new solution options for carriers and later focused on offering new capabilities to agencies and brokers.
- **From personal lines to small commercial to complex commercial:** Most of the early companies and solutions concentrated on personal lines, especially personal auto. Next came the small commercial segment, especially comparative raters and solutions to increase straight-through processing for submissions. Eventually, insurtechs, aided by a wave of experienced industry professionals, tackled middle-market commercial, specialty lines, and large complex commercial lines.

3. MGAs as catalysts

One of the biggest bright spots of this startup era has been new MGAs. Of the thousand or so MGAs in the North American market today, approximately 200 are startups established in 2010 or later. These entities are driving product and distribution innovation and have been key participants in the rapid growth of the E&S market. In addition to providing new insights and capabilities for specific lines and vertical niches, these companies have also been at the forefront of innovative options such as on-demand, embedded, and parametric insurance.

An interesting aspect of insurtech MGAs is the different types of founders and backers. Many are independent/unaffiliated startups launched from scratch by bold entrepreneurs, often funded by venture capital. Others were established by incumbents such as brokers, wholesalers, carriers, or reinsurers as strategic ventures. Many of these MGAs have grown successfully, with some remaining as MGAs and others transitioning to full-stack carriers. (For more details on this space, reference our recent research report written in conjunction with InsurTech NY, "Insurtech MGAs: At the Forefront of Innovation.")

4. Startups spur incumbents to innovate (both tech and business entities)

Assessing the impact of insurtechs requires a broader perspective that extends beyond the startups. Just as important is the way that incumbents have responded. This starts with extensive partnering as incumbents recognize the new ideas and capabilities startups bring. Many large incumbents (and later some smaller ones) set up their own corporate venture capital groups – often with the dual objectives of investment gains and leading-edge insights and capabilities.

The perceived competition from insurtechs or direct competitors' partnerships with startups spurred many existing companies to set up their own innovation teams, hire chief innovation officers, and pilot and experiment with new technologies and partners. Ultimately, carriers, MGAs, and agencies adopted an innovation mindset, and AM Best even introduced innovation scores for carriers that factored into their ratings.

Finally, incumbent tech companies found it mandatory to increase innovation to compete, either through internal investment, acquisition of insurtechs, and/or bringing these companies into their partner ecosystems.

The impact of insurtech on P&C insurance

Has insurtech really changed the nearly \$1 trillion US P&C insurance industry? That question could be answered either yes or no, depending on your lens on the industry. Has it increased the premium flow in a measurable way? Probably not. Has it raised the competitive stakes for all parties involved? Definitely. Has it improved operational efficiencies, introduced new coverages, and expanded market footprint? Yes, but not for all companies.

In that spirit, here is our take on the areas where there's been the most significant positive impact, the biggest disappointments, and the areas with the most promise.



Biggest positive impact areas

- **MGAs and the E&S market**

Of the more than 200 startup MGAs in the North American insurance market, our research¹ shows that almost one in four has achieved more than \$25M in premium flow, with 15% yielding more than \$50M. These MGAs have significantly contributed to the explosive growth of the E&S market over the last decade, now topping \$100B in premiums.

- **Aerial imagery for property underwriting and CATs**

The use of aerial imagery combined with computer vision technology and machine learning to identify property characteristics and related risks has become table stakes for most insurers. Insurtechs such as CAPE Analytics², Betterview (Nearmap), and Arturo are among the companies that occupy this space. MGAs and carriers underwriting residential and commercial properties use these solutions as a key input to underwriting decisions. Many also leverage capabilities for managing CAT claims.

- **Vehicle telematics acceleration**

The adoption of personal auto telematics had stalled at 8-10% of the market for over a decade. The pandemic period (2020-2022) resulted in an upswing in adoption, now estimated at 20% or more for personal vehicles. Insurtech solutions were a part of this equation and are now set to assist in the expansion of fleet telematics.

- **Small commercial comparative rater platforms**

Comparative raters for personal lines have been in the market for over two decades. At the beginning of the insurtech era, new entrants attacked the small commercial lines space. At one point, there were over 20 insurtechs with solutions in this area. Over time, they extended into new lines and moved up toward the middle-market segment. Prominent acquisitions of Bold Penguin and Tarmika were evidence of leaders' success in this area.

¹ ReSource Pro and InsurTech NY: MGA Market Research survey (n=50)

² On Jan. 13, 2025, Moody's announced its agreement to acquire CAPE Analytics. The deal is expected to close in Q1 2025.



Biggest disappointments

- **Mixed results for full-stack carriers**

Startup carriers received an inordinate amount of attention, especially in the earlier phases of insurtech when disruption was the byword. These carriers would beat the big incumbents and steal significant market share since they were digital natives, customer-centric, and had efficient operations. Then reality hit. Operating an insurance company to profitability was about much more than raising capital and attracting customers. At first, the high loss ratios were shrugged off, given the potentially explosive growth of these startups. Eventually, most of the leaders brought loss ratios down and reduced marketing budgets, but the growth trajectory of most was slower than originally predicted, albeit still healthy in some cases. The Lemonades, Roots, and NEXTs of the world will remain market participants and likely be successful, but the prospect of any startup becoming the next Tier 1 carrier is low in the next decade. And in the end, there are only a handful of these full-stack carriers amid the thousands of insurtech startups launched during this era.

- **Slow smart home adoption**

IoT devices in the home were going to revolutionize homeowners insurance. While the adoption of sensors in the home continues to increase, unfortunately, the ties to an insurance program are still relatively low. However, there are clearly some strong successes related to water escape devices.

- **Fading of blockchain-based solutions**

Blockchain technology is important – let's start there. As a secure mechanism to transfer money and information, it holds much promise as part of the software foundation used by individuals, businesses, and governments. That said, from an insurance industry standpoint, blockchain has not lived up to the hype. There are isolated use cases in the market, including some for critical, high-value transactions. But the intense interest of a few years ago has faded away as most realize that tech solutions delivered by vendor partners will gradually incorporate blockchain, but it will not happen overnight, nor will it serve to transform the industry. Again, there were certain insurtechs built on the premise that their blockchain solutions would be widely sought after by the market, but generally, these did not come to fruition.

- **Complexities of wearables for workers' comp**

As the variety of wearables expanded, it seemed like a no-brainer that these devices could be major factors in reducing worker injuries. Wearables to detect many types of exposures and unsafe conditions offer great potential in this realm. This is still true, and there have been selected successes and growing adoption of wearables associated with insurance programs. However, the almost unlimited range of worker environments and conditions means that the right wearable must be tested and analyzed for each to understand the relationship to risk. In addition, there must be enough loss experience to validate the hypothesis that specific wearables will reduce claims for each type of worker/worksites. The promise is still there, but the impact on the industry is likely to grow slowly over the next decade.



Biggest areas of promise

- **Commercial lines underwriting**

Much of the activity in commercial lines underwriting is complex, especially for accounts of any size, specialty lines, and workers' comp. The task becomes even more difficult as more advanced technologies are introduced to understand and manage risk (telematics, IoT, AI). Thus, the expertise of seasoned underwriters is at a premium. Enter AI-based solutions to assist in automation and decisioning. Promising solutions are already assisting with appetite matching, triaging, risk evaluation, and pricing. The rapid advance of AI capabilities and the availability of new data sources make this a prime area for insurtech startups to add value.

- **Digital intake / IDP**

Optical character recognition (OCR) has been around for decades and has experienced mixed success in insurance. Now, advances in natural language processing (NLP) provide new options and higher levels of accuracy. The enormous variety of forms, schedules, emails, spreadsheets, and other unstructured data required by underwriting and claims explains why MGAs and carriers continue to be interested in advances in these technologies, now dubbed intelligent document processing (IDP) solutions. Solutions still must be tested for each company, line, state, and form, which has slowed progress in the past. However, more rapid machine learning now speeds up that process and points to major growth in usage (and impact) over the next decade.

- **New models, especially embedded and parametric**

On-demand/gig insurance was popularized via insurtechs such as Slice and Metromile. Embedded insurance possibilities are being explored by insurtechs like Stere.io, Boost, and bsurance. Parametric insurance also has important insurtech companies leading the charge, including Parametrix, Arbol, and Jumpstart Recovery. New models to reach markets or explore new types of coverage are not the sole province of insurtechs – many incumbents are in the game as well. But a number of insurtechs have these new models as central to their business model. For example, our research³ indicates that 22% of insurtech MGAs are based on one or more of these new models.

- **Automation and AI for agencies**

Over the past decade, the agency universe has gone through major M&A activity, resulting in many large aggregators, networks, and platform players. At the same time, new agencies continue to form, with more than 40,000 independent agencies total in North America. Many of the larger entities, especially those that have been on acquisition sprees, are now in the midst of enterprise optimization of people, processes, systems, and data. This results in a stage we call digital readiness – preparing for automation and AI solutions. A great deal of this is already underway, but the last couple of years have seen a flurry of insurtech entrants focused on agency solutions. The next decade holds much promise for insurtechs in the agency space.

³ ReSource Pro and InsurTech NY: MGA Market Research survey (n=50)

Predictions for the future of insurtech

Predictions are always tricky, especially trying to look out 10 years⁴. In prior decades, it was not as difficult to speculate on the future of the insurance industry due to the slower pace of change. Now, however, a confluence of factors puts the industry on the cusp of dramatic change, and insurtechs will continue to play a major role in the transformation. These predictions are relevant for the industry at large as well as insurtech specifically.

Insurtech will continue over the next decade, with new startups and increasing impact every year. There is still a great deal of momentum for insurtech with capital at the ready, and carriers, MGAs, and agencies are eager to improve operations and innovate by leveraging partners.

Embedded, parametric, and micro-insurance will flourish, with insurtech MGAs and tech startups as leaders. Our prediction is not that these approaches will dominate insurance or account for a high percentage of premium flow; however, they will be significant, providing new revenue streams for industry participants and expanding coverage into new areas of risk.

Insurtechs will play central roles in the IoT as new products and services from the industry capitalize on real-time data from an increasing array of sensors and devices. Insurtechs will assist not only with innovative solutions but also in creating more compelling value propositions for individuals and businesses.

Insurtechs will drive pervasive telematics for both personal and commercial auto. A few years ago, many believed that telematics would fade as autonomous vehicles began to dominate. Our perspective has always been that the transition to an AV future was bound to take decades and be very complex. This is proving to be true, making the gathering and analysis of vehicle data from telematics even more important over the next decade. The pandemic resulted in a jump in insurance telematics penetration for personal auto, but there is still much opportunity for expansion ahead (despite the legal headwinds that have emerged) – likewise for commercial auto, with the growth of telematics solutions and adoption for small fleets anticipated.

Insurtechs will contribute to meaningful agency transformation. Comparative rater/tech intermediary platforms like Bold Penguin, Semsee, and Talage offered new capabilities for agencies in the Digital Era of insurtech. Now, there is a new class of insurtechs emerging with automation- and AI-based solutions designed for retail agents and brokers. But overall, agencies are in the earlier stages of gaining advantages from insurtech partners. This is about to change and should have a significant impact on the agency world over the next decade as new capabilities are becoming available for marketing, sales, servicing, and agency operations. In addition, key outsourcing partners will increasingly AI/tech-enable the services they deliver to agencies. (Learn more about AI for retail agencies in our report series, “The AI Advantage: Unlocking New Opportunities for Retail Agencies.”)

Virtually every insurtech will leverage AI capabilities. We are in the AI Era, and the insurtech arena is no exception. As the industry moves from tech solutions that enable automation to AI-based solutions that augment decisioning, AI becomes a mandatory component of every insurtech solution. Over the next decade, as agentic AI takes hold, more solutions will become available that go beyond augmented decisioning to the activation phase – executing the results of the recommendations. This in no way eliminates or reduces the role of industry professionals like agents, underwriters, actuaries, or claim adjusters. In fact, it may well serve to elevate these roles.

The next decade for the industry and for insurtech should prove to be very exciting. Expect noticeable transformation in terms of the products and services offered to customers, the efficiency of operations, and the precision of decisions made for needs analysis, coverage recommendations, pricing, underwriting, loss control, claims, and every other area of the business.

⁴ In 2015, I predicted that the term insurtech would fade by 2025 as these companies, their ideas, and their capabilities became more business as usual for the industry. This prediction was obviously wrong as I did not anticipate the extensive ecosystem that emerged to perpetuate insurtech – with dedicated media, accelerators, associations, events, and more. In addition, the acceleration of AI has led to new possibilities and capabilities, with insurtech once again leading the way.



ABOUT RESOURCE PRO

Focused exclusively on the insurance industry, ReSource Pro is a trusted strategic operations partner to insurance organizations seeking to increase their productivity and profitability. With a global team of more than 10,000 employees, ReSource Pro operates at the critical intersection of people, process, technology, and data to serve more than 1,800 clients across the carrier, broker, and MGA segments – consistently earning a +96% client retention rate for over a decade. It offers expert advisory services, proven business process management optimization and transformative data and technology solutions. It was recognized in 2024 by Inc. 5000 as one of the fastest growing companies in the US.

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