

10 Years of InsurTech in Germany

The state of the German ecosystem
compared to other European countries

EXECUTIVE SUMMARY

- A value-creating InsurTech ecosystem has developed in Germany; collaboration between insurers and startups has become an important innovation component of the industry
- Despite being the largest economy in Europe, Germany is clearly lagging behind the UK and France in terms of number of total startups and in particular number of insurtechs
- German insurtech fundings amounts appear to be the highest in Europe. But amazingly, 62% of all German insurtech fundings since 2019 went into a single startup: Wefox
- Without Wefox the German insurtech funding in the last 4 years is half of France and only 42% of UK
- By far, most insurtech funding is dominated by non-German capital
- There is a clear need for German investors that have a superior understanding of regulation and needs in the domestic insurtech ecosystem

Digital transformation and innovation have become essential success factors for the insurance industry. The collaboration with startups in particular can contribute significantly to the success of the industry since these companies challenge existing value chains or services with offerings that are more user-centric, smarter, and more digital.

The following report shows that the InsurTech market in Germany has developed positively in recent years. Numerous innovative startups with disruptive ideas, excellent products, and great success stories, such as those in the InsurLab Germany ecosystem, prove this. Nonetheless, it also becomes clear that the German InsurTech market still has to catch up, lagging behind in international comparison. This is not due to a lack of ideas, willingness or will, however. Regulatory requirements, in particular, make it more difficult for startups in Germany, as they have to demonstrate the necessary solvency and raise the appropriate amount of capital in various development stages. Here, venture capital is increasingly needed for targeted and consistent support of InsurTechs. This benefits not only insurance-related startups with growth ambitions and innovative ideas but also the digitization of an entire industry.



Stefan Lemper

MASCHMEYER GROUP



Sebastian Pitzler



Anna Kessler



Florian Grailot



○ Introduction: what is 'InsurTech' ?

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INSURTECH: A RESTRICTIVE DEFINITION TO MATCH MARKET PRACTICES

InsurTech is defined as: startups having insurance at the core of their business.

Either because they are selling insurance, as an insurer themselves (full-stack startup) or as a broker / MGA ;

Or because they offer tools primarily for re/insurers or any insurance player (B2B).

On the other hand, a technology that could be applied to insurance, or for which insurance is just one industry among others, is not labeled as "InsurTech" in that report.

With such a definition, we match market researchers (e.g. FT Partners or CBinsights) which publish reports on InsurTech investments at a global level.

INSURTECH STARTUPS IN GERMANY

128

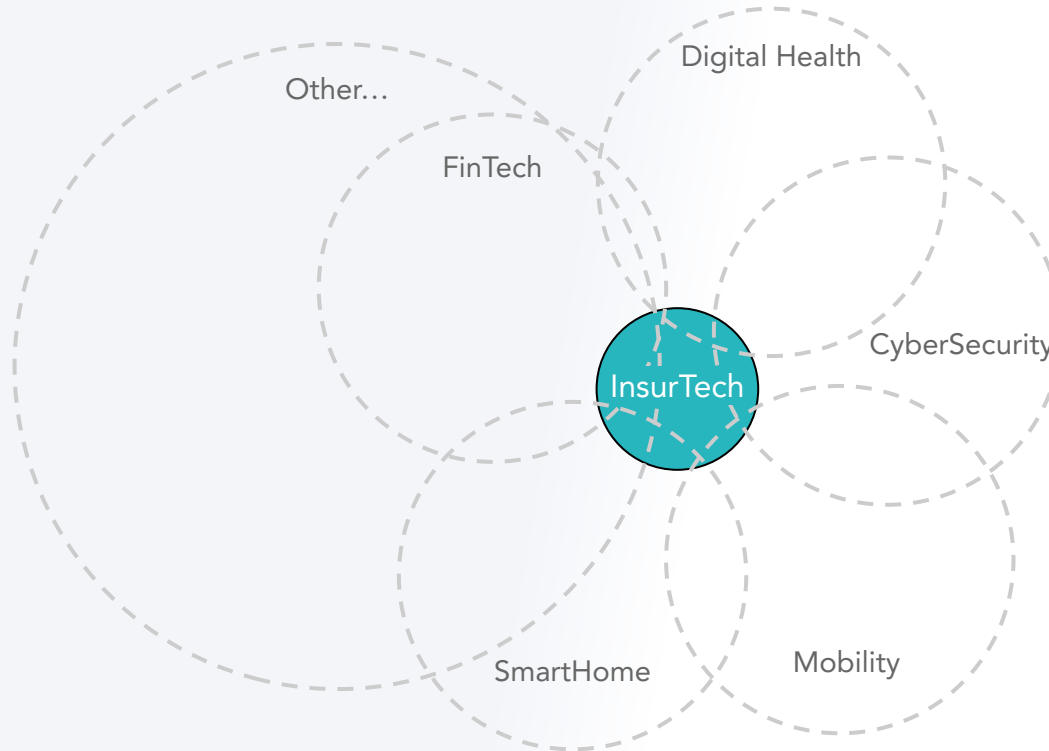
pure InsurTechs founded in Germany over the last ten years

The study covers 10 years of InsurTech in Germany, i.e. startups created between 2012 and 2022 (both included). Hence older startups are not in the scope.

Source: data used in that report have been gathered by astorya.io, the data-based market intelligence platform on insurance & banking technologies in Europe, in partnership with InsurLab Germany and Maschmeyer Group.

BUT TECHNOLOGIES & SOLUTIONS RELEVANT TO INSURANCE COMPRISE A MUCH LARGER AND BROADER ECOSYSTEM

There are 100.000+ startups in Europe*. The scope of players relevant for insurers is way beyond just 'InsurTech'



THE EXAMPLE OF *INSURLAB GERMANY*: HIGH INTEREST OF INSURERS IN STARTUPS BEYOND THE INSURTECH DEFINITION (ONLY 13% OF ALUMNIS ARE “INSURTECH”)

InsurLab Germany 2018 - 2022 Accelerator Batches
(8 InsurTech / 62 startups = 13%)

Konfuzio LEGALDATA LiveES loyee.io luminovo.ai

ANALYTICS BANKS API berdesk BetterDoc. Blinkin

Lumnion mentatis MINDZEIT MISS MONEY PENNY NECT

bsurance buynomics CHAMELEON claimBuddy COGNIFY

NINEBARC nooh nuclimore pathmate PERSONAL BUSINESS MACHINE

InsurTech but registered in Austria

InsurTech but registered in Singapore

Complero COMUNY contract.fit covergo DEAR EMPLOYEE

perasoftware Pfortendactor planA POLYWIZZL PRAGO

InsurTech but registered in Israel

Deep Care DeinePflege docudiet DOCVET -bot

qumata refit SYSTEMS Relativity6 RIGHTINDEM StilFresh

InsurTech but registered in the UK

InsurTech but registered in the UK

Emil GROUP fimo HEALTH Fyud fusionbase FUTURE OF VOICE

STROKEMARK SUMM Thryve Tiegoo TOM

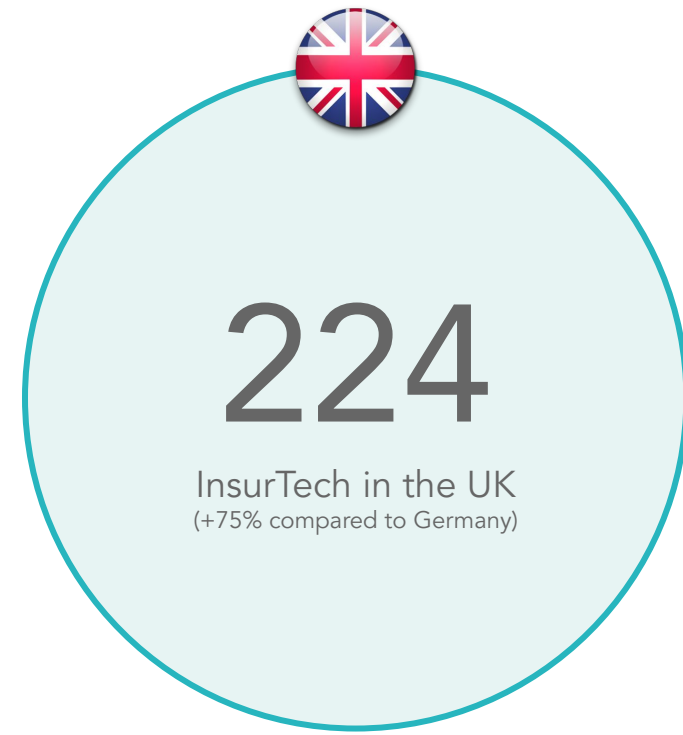
ICO LUX Insaas.ai KASKO KAUIZA Kern

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: startup is in our 'InsurTech' scope

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DESPITE BEING THE BIGGEST ECONOMY IN EUROPE, GERMANY IS LAGGING BEHIND IN TERMS OF NUMBER OF INSURTECH STARTUPS



The size of the circles are correlated to the number of startups in each ecosystem.

THE GERMAN STARTUP ECOSYSTEM IN GENERAL IS 2.4X SMALLER THAN THE UK AND 1.5X THAN FRANCE

Based on Finch Capital's study, Germany has fewer startups per 1,000 inhabitants compared to the UK and France.

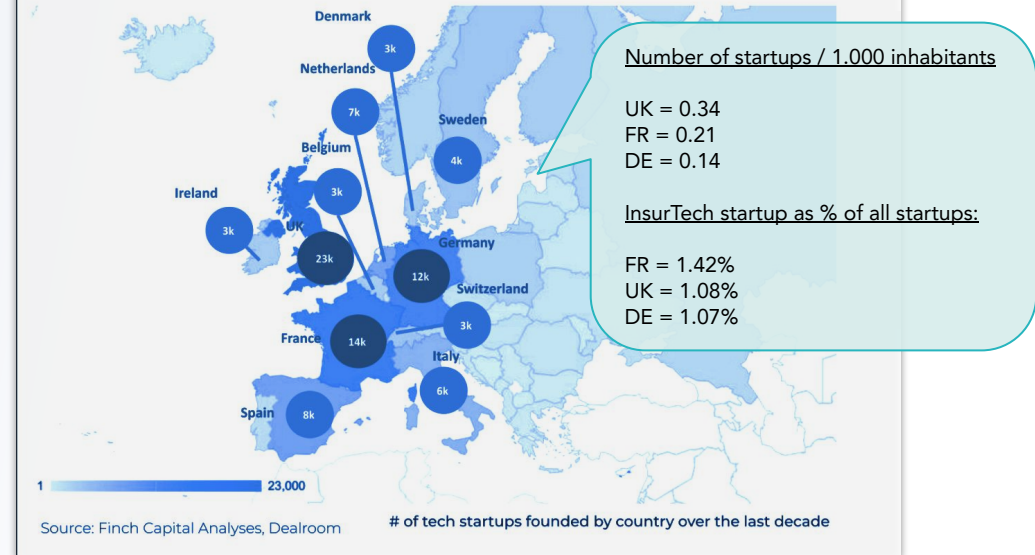
While there are 0.34 startups per 1,000 inhabitants in the UK and 0.21 in France, Germany only has 0.14. This means that the UK is 2.4x and France is 1.5x bigger in terms of startups per capita compared to Germany.

When it comes to the InsurTech industry, Germany and the UK have a similar number of startups, with about 1% of all startups in each country operating within the tight InsurTech definition.



In order to avoid falling behind the other leading economies in Europe, we need to provide better conditions and in particular in Germany more and smarter venture capital to support founders setting up and scale successful startups.

Over a 100k startups founded in Europe over the last decade



CONSIDERING THE SHARE OF UNICORNS, GERMAN INSURTECH IS ALIGNED WITH FRANCE, THOUGH BOTH LAG BEHIND THE UK

Private companies usually do not share detailed data or KPI's about their activity. However, fundraising rounds are often publicized as a way to gain visibility and can serve as an indicator of a startup's success.

"Unicorns," or privately valued startups worth over 1 billion euros, are considered some of the most successful startups on the market. According to Gründerszene, there are 30 unicorns in Germany, and two of them (6,6 %) are in the InsurTech industry. In France, there are 27 unicorns according to BlogDuModerateur.com, with two of them in the InsurTech industry (7,4 %). In the UK, there are 66 unicorns according to Traxn, and seven of them (15,2 %) are in the InsurTech space.

It is worth noting that valuations for many industries were downgraded in 2022, which has called the validity of the "unicorn" status into question. However, overall, the data can still serve as a useful proxy.



While the final exit values of the "Unicorns" for investors still remain open, the data shows that startups built from scratch also in the insurance space are growing into companies of significant relevance and size.



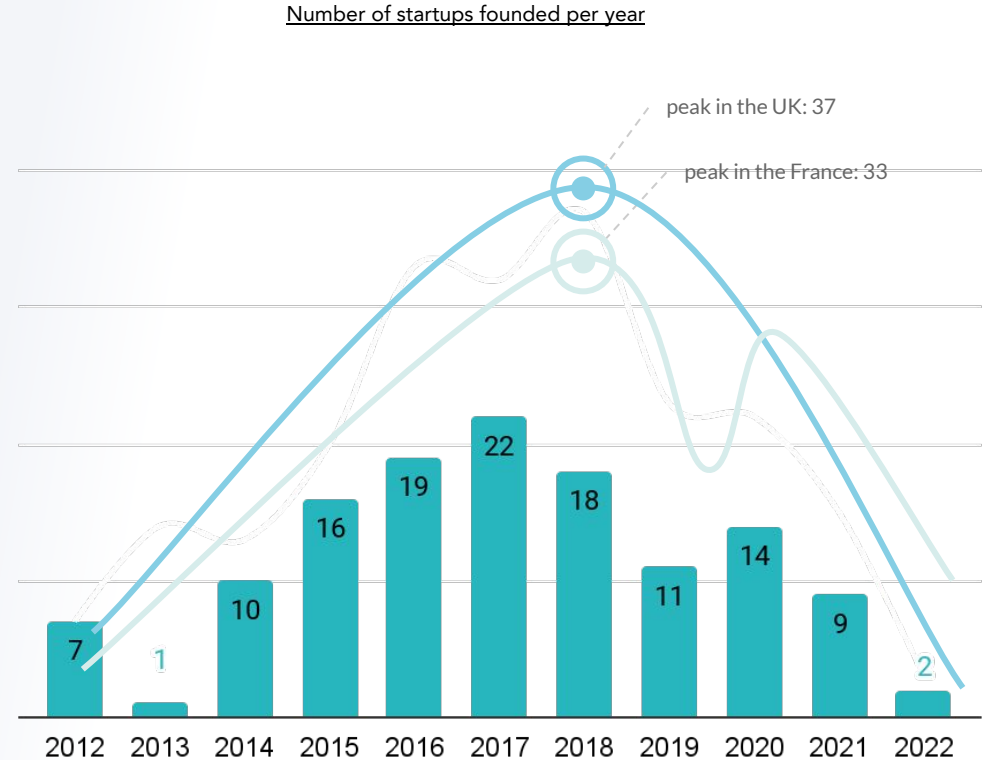
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WHILE INSURTECH EVOLVED IN A SIMILAR PATTERN OVER TIME, THE PEAK IN GERMANY WAS A BIT EARLIER & LOWER COMPARED TO FRANCE AND THE UK

Over the past decade, the number of InsurTech startups in Germany has followed a bell curve shape, with a peak in 2017 when 22 new startups were founded.

This peak occurred earlier than in France and the UK, which both saw their peak in 2018. The peak in Germany was also lower than in France and the UK, with 33 and 37 startups being founded in those countries, respectively.

As a result, the overall number of InsurTech startups in Germany is lower compared to France and the UK.



B2C BUSINESS MODELS HAVE BEEN CONTINUOUSLY DOMINATING AMONG PURE INSURTECHS OVER TIME IN GERMANY

There are three main business models among InsurTech startups:

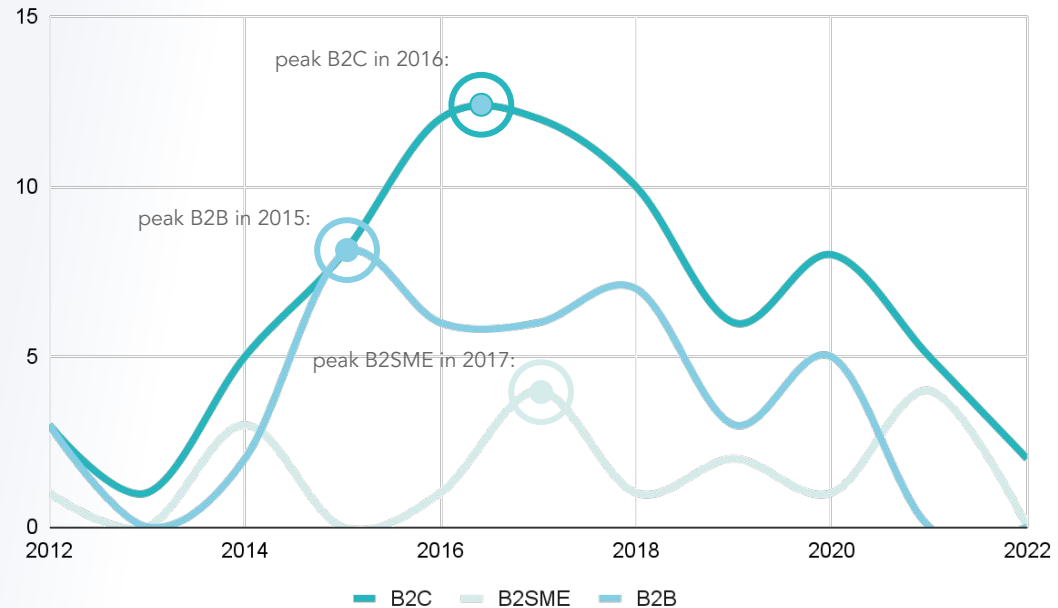
- B2C, which targets end customers directly;
- B2SME, which targets small businesses directly;
- B2B, which offers services to incumbent companies and other corporates in the (re)insurance industry.

In Germany, the biggest trend in the InsurTech scene is B2C, which is also the case in other major startup scenes and across Europe.

The second major trend in Germany is B2B, which peaked earlier than the other waves.

The smallest wave in the German ecosystem is B2SME, which had a recent peak.

Number of startups on each business model
(number / year)



Examples:



WHILE P&C ACCOUNTS FOR A SIGNIFICANT SHARE OF THE MARKET, INNOVATION IS AT WORK IN EVERY INSURANCE BUSINESS LINE

In Germany, all lines of business are covered by InsurTech startups.

The most addressed line is P&C, which accounts for 57% of all D2C startups.

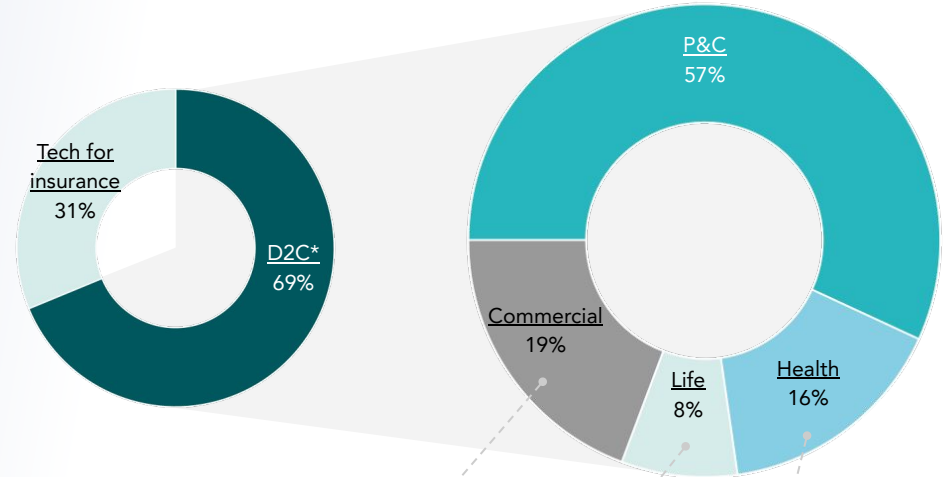
The second major vertical is B2B, or startups that primarily offer their solutions to incumbent companies in the insurance industry.

Commercial lines and health insurance are almost at the same level in the German ecosystem, while life insurance is the smallest sector. However, one of the most advanced German InsurTech startups, Xempus, operates in the life insurance space.



It appears that startups like to start in P&C due to the fact that products are not as complex - hence easier to sell online - as in a different line. We see growing activities in other lines though.

Number of startups on each business line



Examples:



ottonova

* D2C: Direct To Consumer

BY FAR, MOST GERMAN INSURTECHS FOCUS ON 'DISTRIBUTION' WITHIN THE INSURANCE VALUE CHAIN

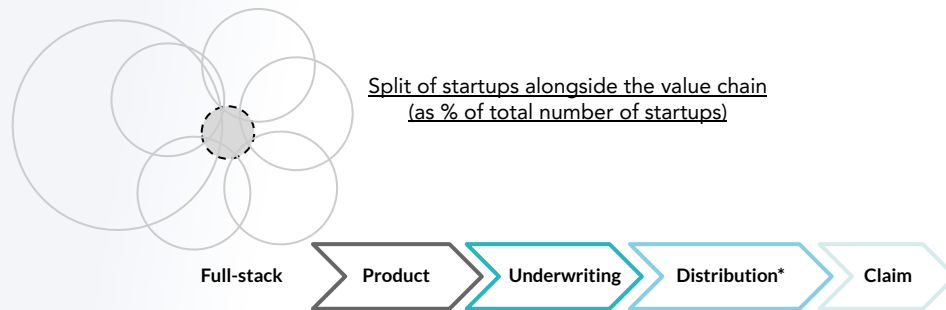
In our data we assigned all InsurTechs according to the simplified insurance value chain detailed on the right part of this slide into five categories.

The distribution category is the largest in the German InsurTech ecosystem, accounting for 72% of startups. As the ecosystem matures, this section is becoming more granular. Early startups primarily used B2C or B2SME strategies, while a second wave of startups focused on providing technology to digitize existing distribution channels (B2B solutions for brokers and agents). Recently, the trend of "Embedded Insurance," or offering insurance options as part of a third party's customer journey, has gained momentum.

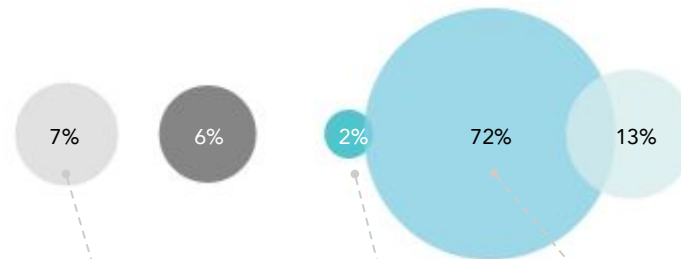
Full-stack startups, or those that hold an insurance license, are also active in the market. Several full-stack players in Germany, such as Wefox, Element, Ottonova, Coya, Mailo, Neodigital, Friday, and Getsafe, have been operating with their own balance sheets.



The direct to consumer business model required very large fundings in particular for the user acquisition. This segment is currently under stronger pressure with regards to valuations and follow-on fundings, more than startups covering other parts of the value chain.



Split of startups alongside the value chain
(as % of total number of startups)



Examples:

wefox

AMANIKI
THE UNDERWRITING AGENCY

hakuna.

* Service or customer interaction or policy administration are in the 'distribution' section.

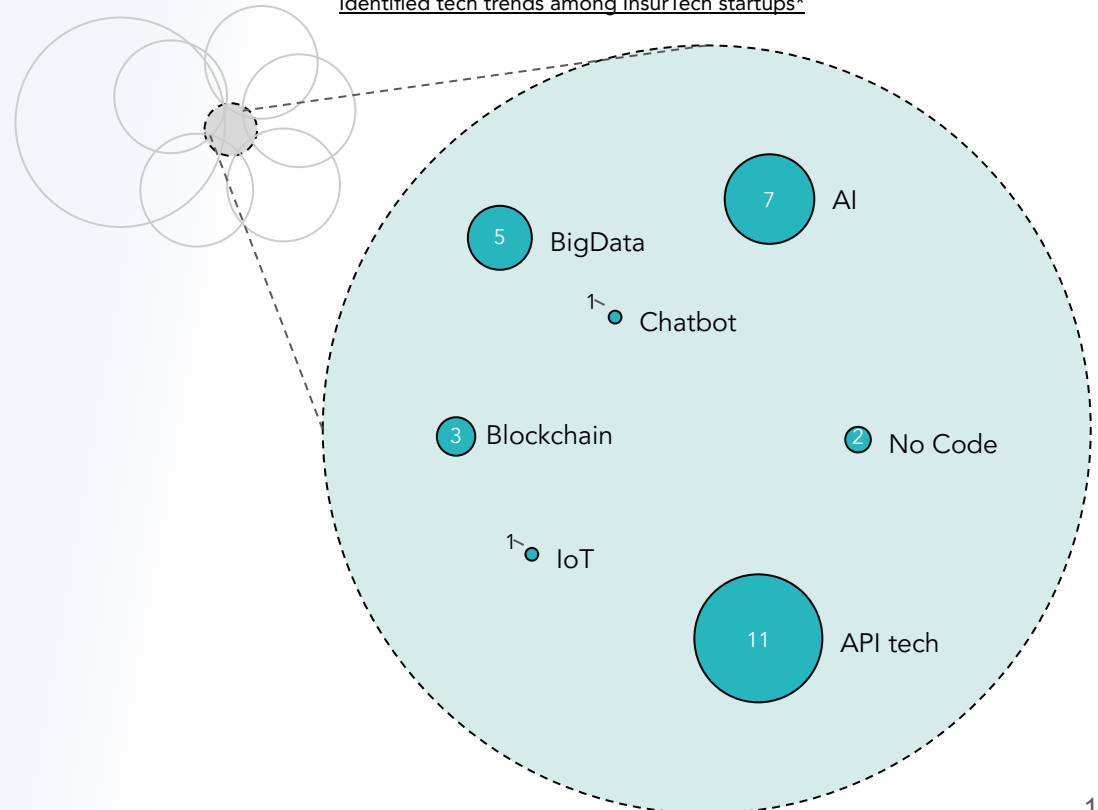
MOST INSURTECH STARTUPS ARE NOT CLEARLY ATTACHED TO A SINGULAR TECHNOLOGY, AMONG THOSE WHICH ARE, API IS THE MAJOR TREND

InsurTech is a broad field that involves various technologies used from or sold by startups. Hence there are only some players, which a key singular technology can be clearly assigned to in our data set. These are highlighted in the chart.

There are several technologies, often referred to as "deep tech," that can be useful for the insurance industry. These include blockchain, artificial intelligence (AI), chatbots, natural language processing (NLP), or "mechanisms" like APIs.

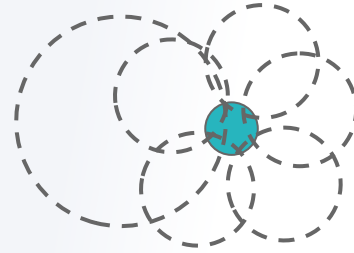
According to our data, adoption of API tech is the major trend among startups, following the surge of embedded insurtech and corporates' need to upgrade IT systems. While the use of blockchain in the insurance industry has been widely discussed, there are still only a few startups working on delivering value through this technology. AI is also a growing topic across industries and is well-established in the InsurTech space. Chatbots were once a hot topic in the industry, but have since been overshadowed by other technologies.

Identified tech trends among InsurTech startups*



* The size of the circles are correlated to the number of startups in each category.

MORE THAN 4,200 PEOPLE ARE WORKING FOR PURE INSURTECH STARTUPS FROM GERMANY. MANY MORE IN ADJACENT AREAS.



4,200+

people are working at pure InsurTech startups in Germany*

* Source: LinkedIn (as a reminder: there are 128 InsurTech startups in the scope)

** Source: Statista

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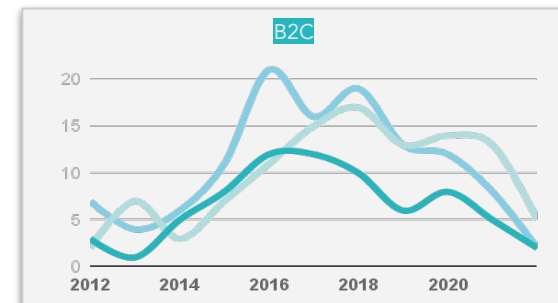
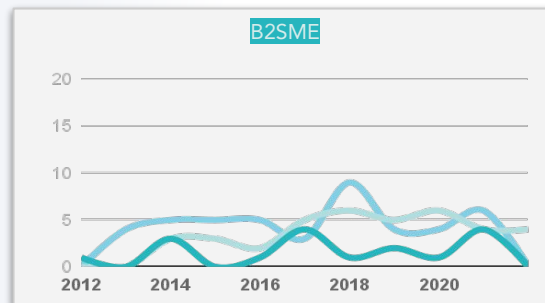
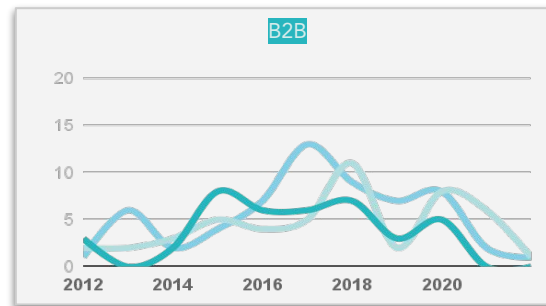
THERE ARE NO OBVIOUS PATTERNS OR DIFFERENCES OVER TIME IN GERMAN INSURTECH BUSINESS MODELS COMPARED TO THE UK AND FRANCE

It seems that the German InsurTech scene does not have any specific patterns or trends that stand out compared to other startup ecosystems.

The adoption of B2C business models appears to be a common trend across the German, French, and UK ecosystems, with a peak earlier in the InsurTech life cycle.

In contrast, the French and UK ecosystems have experienced clear waves of startups embracing certain business models, such as B2C followed by B2B and more recently B2SME.

Number of startups created in each ecosystem per year and business model



— UK — FR — DE

ALSO TRUE IN GERMANY, 'DISTRIBUTION' IS BY FAR THE MOST IMPORTANT PART OF THE VALUE CHAIN THAT INSURTECHS FOCUS ON IN THE UK AND FRANCE

The distribution is value chain piece, that is covered by most startups in Germany, UK and France.

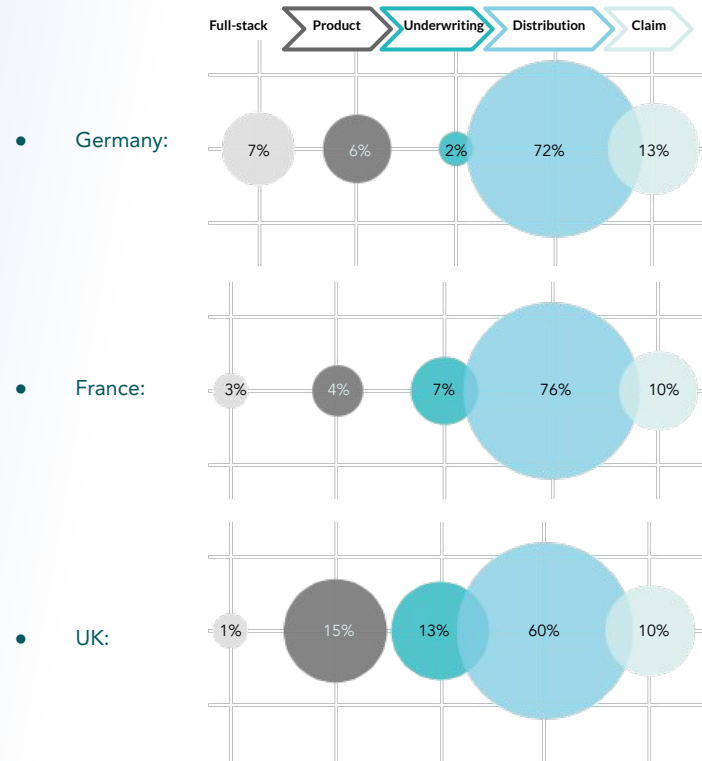
However, a closer look reveals some differences between the German market and others. Germany has a higher percentage of full-stack InsurTech startups (7%) compared to France (3%) and the UK (1%). The claim sector is also slightly more active in Germany (13%) compared to France and the UK (10% in both).

On the other hand, the product sector is slightly less active in Germany (6%), and the underwriting sector is especially underrepresented, with only 2% of startups compared to 7% in France and 13% in the UK.



Our comments on the need for large funding and the challenges for direct to consumer plays with a focus on distribution from slide 17 are true at an European level as well. There are promising chances for startups in other parts of the value chain.

Split of startups in each ecosystems, alongside the value chain
(as % of total number of startups)



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AT FIRST GLANCE GERMAN INSURTECHS RECEIVED THE HIGHEST FUNDING. BUT WITHOUT THE MASSIVE WEFOX FUNDING, IT FALLS 49%/57% SHORT OF FRANCE/UK

There is a bias in the investment data, and it is necessary to delve deeper to get a more accurate picture of the investment activity in each local ecosystem.

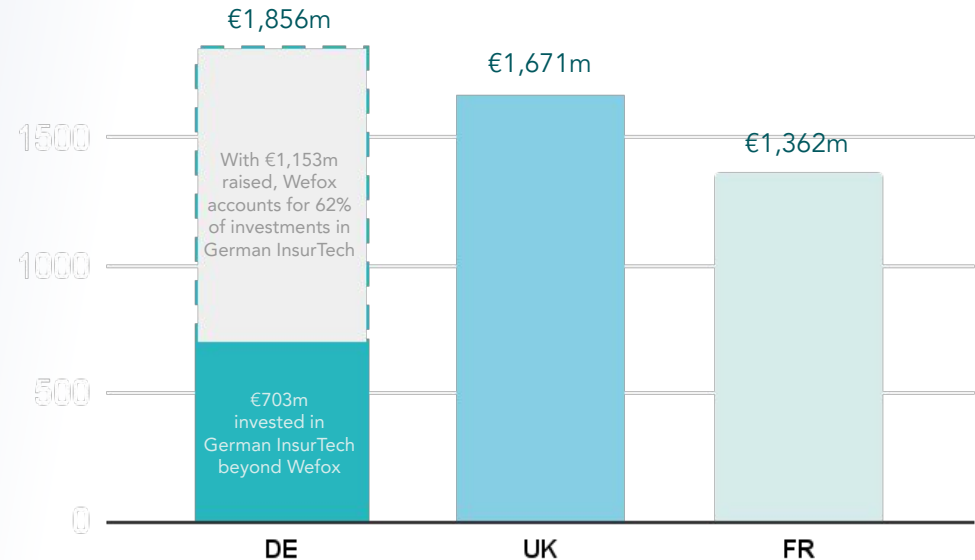
Excluding Wefox, which has raised large rounds in recent years (€221m in 2019, €532m in 2021, and €400m this year), the investment in German InsurTech startups is much lower compared to France and the UK.

In Germany, €703m was invested in InsurTech startups beyond Wefox, which is 49% less than in France and 57% less than in the UK.



In Germany more than elsewhere, it's key to have a deeper look at figures as a single startup is blurring the lines: without Wefox the data clearly indicates a lack of German Venture Capital for insurtech market.

Cumulative investments in each InsurTech ecosystem during 2019-2022



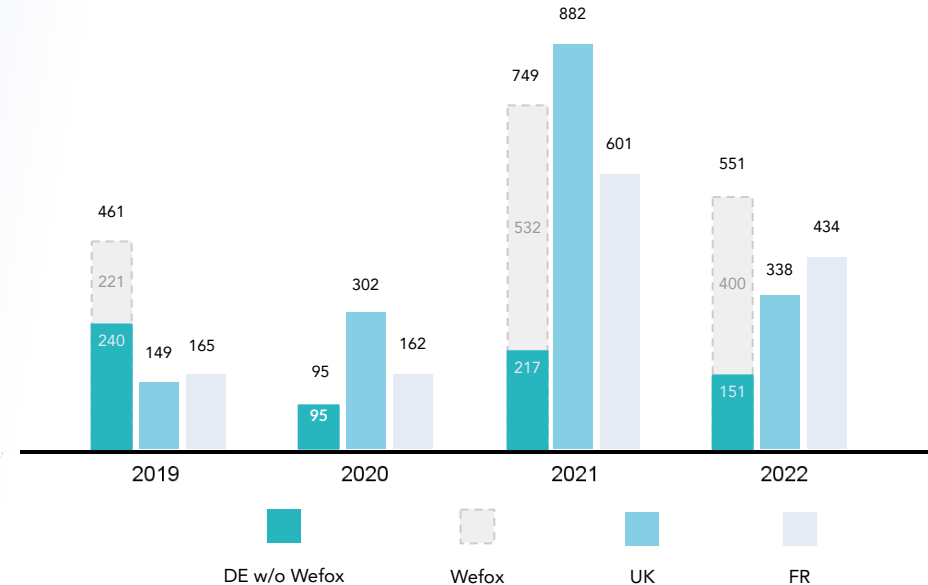
A LOOK AT YEARLY FUNDRAISING MAKES IT EVEN MORE OBVIOUS THAT WITHOUT WEFOX GERMANY IS LAGGING BEHIND OTHER INSURTECH ECOSYSTEMS

Back in 2019, InsurTech attracted significant investments with over \$5 billion invested worldwide for the first time.

Since then, the German InsurTech scene has been particularly strong, leading the way in 2019 and ranking second behind the UK in 2021. In 2020, Germany was the third-largest ecosystem.

In any case the yearly fundings were mainly driven by fundings of Wefox alone.

Yearly investments in each InsurTech ecosystem (€m)



LOW NUMBER OF GERMAN INSURTECH DEALS - 50% LESS THAN IN THE UK AND 33% LESS THAN IN FRANCE

Another way to assess the activity of a local InsurTech scene is to look at the number of deals announced.

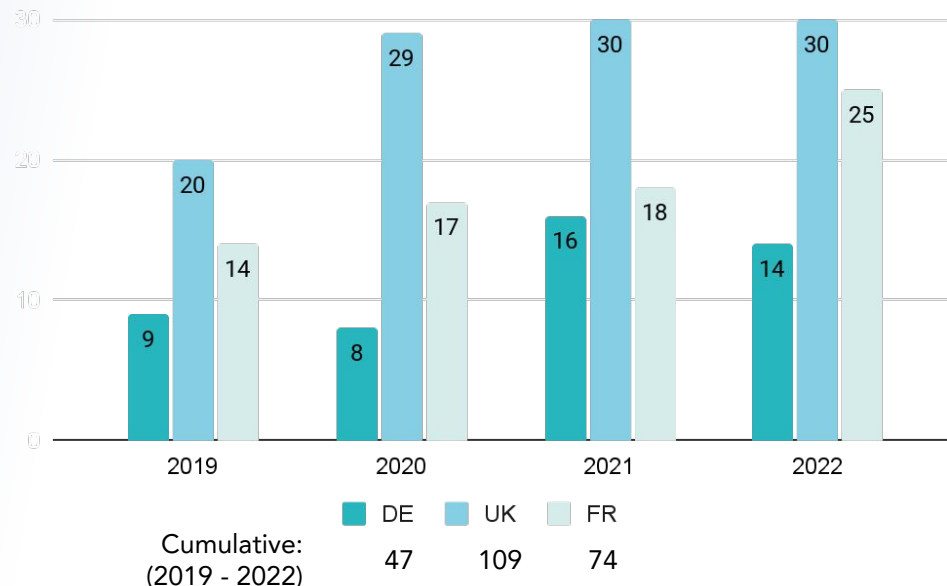
In this regard, Germany falls significantly behind the UK and France, with 46 deals announced since 2019, which is 55% fewer than in the UK and 36% fewer than in France. This perspective helps to eliminate bias caused by larger rounds, as they are larger by design.

However, it raises the question of whether there are too few startups available in the market or too few investors ready to fund these InsurTech players.



The data on funding of Insurtechs by number makes the German gap and need for improvement within the European insurtech industry even more obvious

Number of InsurTech investments announced each year
in major local ecosystems



MORE THAN HALF OF ALL INSURTECH INVESTMENTS ARE ALLOCATED IN THE TOP 3 DEALS, WITH GERMANY SHOWING THE HIGHEST CONCENTRATION

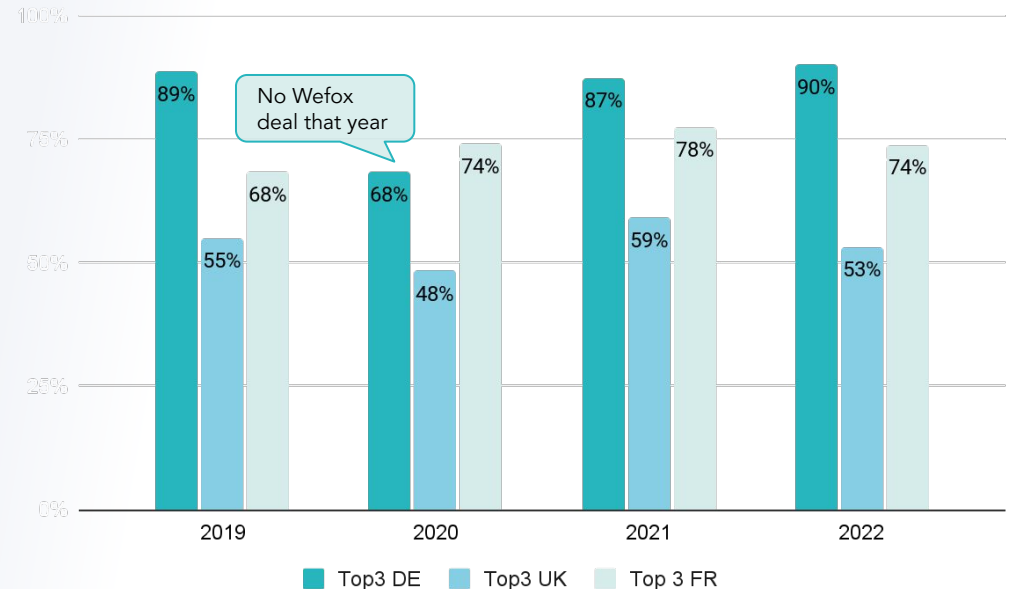
Based on the previous analysis, it appears that there are a few dominant players in each local InsurTech ecosystem, including Germany.

To get a sense of how money is concentrated in these scenes, we can look at how much the top three investments account for as a percentage of total investments announced.

In this regard, Germany stands out as having a significant gap between the top three investments and the rest. This is largely due to Wefox, which accounts for a large portion of the top three investments.

This suggests that in Germany, "unicorn" or late-stage InsurTech startups are attracting a disproportionate amount of investment. When Wefox does not raise money (e.g., in 2020), the concentration of money is lower and Germany falls to second place behind France.

Money raised by top3 deals as % of all money invested
(view per ecosystem)



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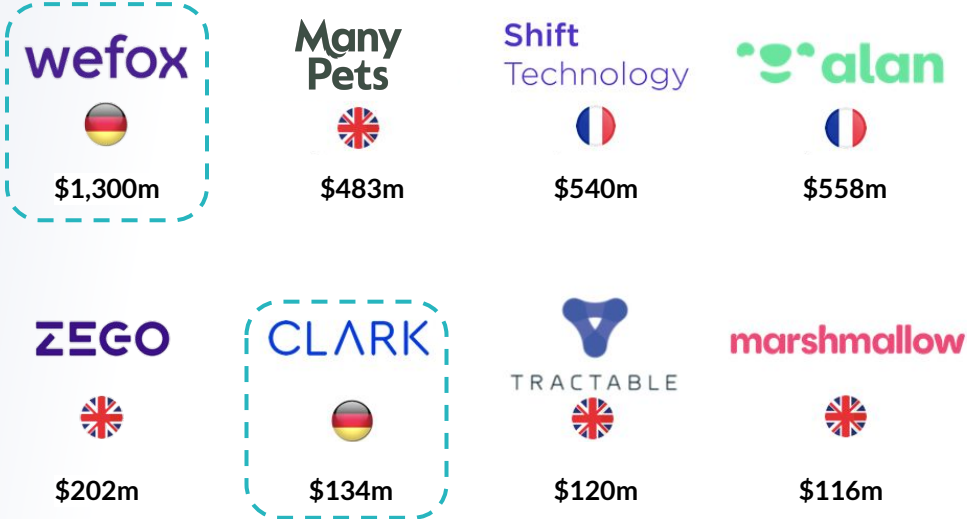
GERMANY IS NICELY POSITIONED IN THE 'INSURTECH UNICORN' CLUB

List of insurtech unicorns (i.e. startup privately valued at \$1B+ and total money raised since inception*)

To gauge the maturity of an ecosystem, it can be helpful to look at the most mature startups, which may not necessarily be the oldest ones. One way to do this is to examine the number of "unicorns," or privately valued startups over €1 billion.

In this limited group of startups, Germany - despite the lower number of insurtech investments - and France both have two unicorns, while the UK has four. Wefox is the most funded InsurTech startup in Europe and accounts for a large portion of the funding for the top four players.

The top four players have raised over \$500 million since inception, while the others have raised between €100 million and €200 million overall.



* Source: Crunchbase

DISCREPANCY BETWEEN THE LEVEL OF IT BUDGETS OF ESTABLISHED COMPANIES AND INVESTMENTS IN INSURTECHS IN GERMANY

Despite billions invested in InsurTech startups, these figures pale compared the amount that insurers spend on IT each year, generate in premiums, or own in assets.

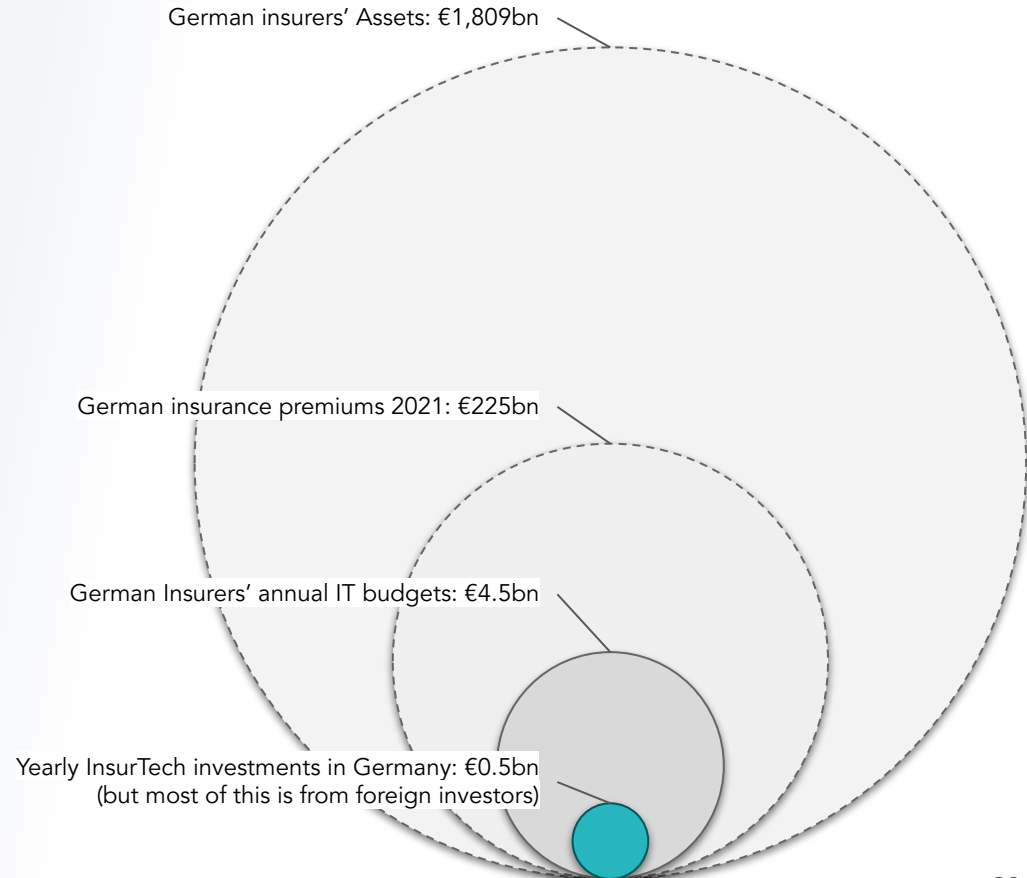
For instance, in Germany, InsurTech startups raised approximately €1.8 billion in investment over the past four years, or an average of €450 million per year. This is only 10% of what insurers spend on IT annually. Removing Wefox's €1.1 billion raised over that period brings the figure down to €700 million invested in German InsurTech startups over the past four years, or an average of €170 million per year, which is less than 4% of yearly IT budgets!

Comparing these levels of investment to insurers' €1,809 billion worth of assets, it represents only 0.1% (or 0.04% without Wefox).

In addition, a review of Wefox's captable reveals that vast majority of its investors are not German as only The Delta (which led its pre-seed round in July 2015) and Target Global (which led its Series C in June 2021) are from Germany.



Despite large IT budgets and huge assets from German insurances the investments into insurtech appear tiny. This is even more true, as by far the largest portion of investments into German startups are not form German insurers but from foreign investors.



* Source: <https://versicherungswirtschaft-heute.de/schlaglicht/2020-01-24/gdv-versicherer-schrauben-it-ausgaben-auf-rekordhoch/>

** Source: <https://www.insiderintelligence.com/content/half-of-companies-europe-north-america-plan-increase-budgets-next-year>

BESIDE THE LIMITED INSURTECH INVESTMENTS, MOST OF THE MONEY INVESTED IS COMING FROM NON-GERMAN INVESTORS

In the German InsurTech scene, 5 startups have raised over €100m since their inception. Wefox is way ahead with €1.1B raised, but only two of its investors are based in Germany (The Delta, Target Global).

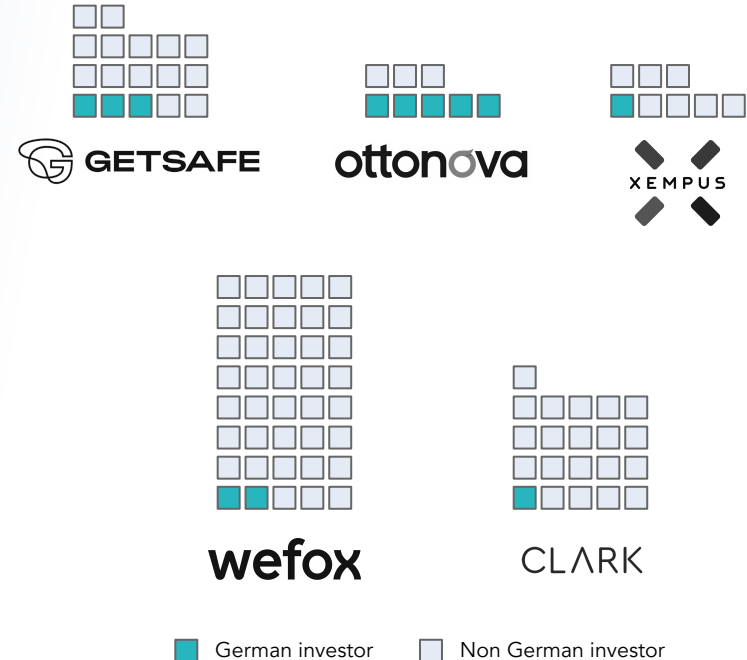
Clark and Xempus each have only one German-based investor (Yabeo and Reimann Investors, respectively). Getsafe has three German investors onboard (EarlyBird, CommerzVentures, Abacon Capital). And Ottonova has gathered the most German investors in its capital (Debeka, Holtzbrinck Ventures, Vorwerk, EarlyBird, Cadence Growth Capital).

Although detailed data on the respective amounts are not available, it can be assumed that German investment is a small portion of these fundraising rounds based on the maturity and size of the rounds.



It seems that German investors missed a chance to sit on the table to fund the most promising German Insurtechs.

Number of German investors in most funded InsurTech startups (source: Google, startups' PR)



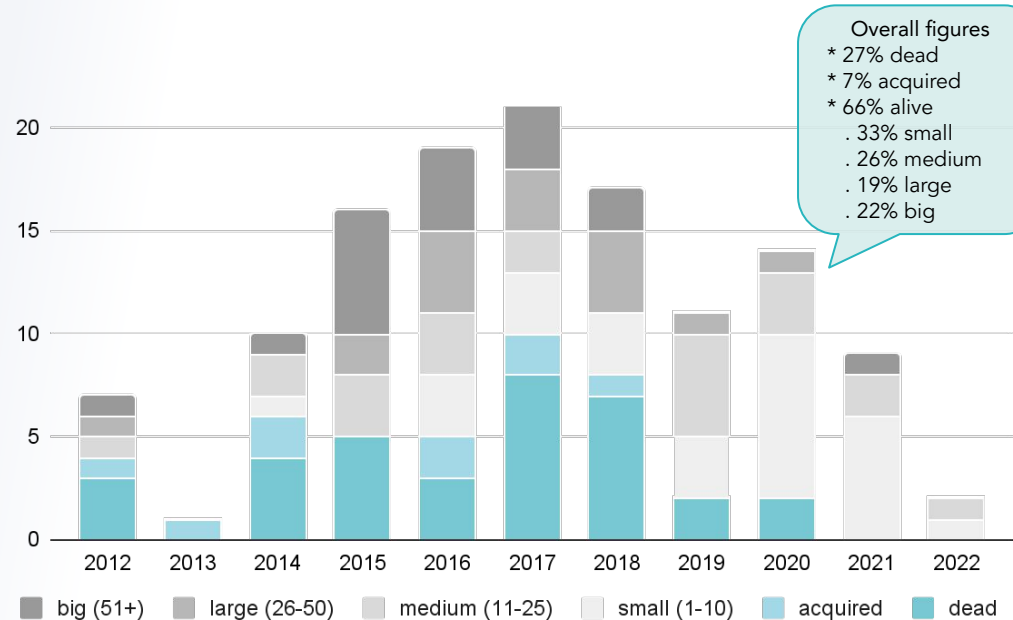
MOST OF GERMAN INSURTECH STARTUPS STILL ALIVE ARE AT SERIES A LEVEL

Analyzing the German InsurTech industry over the past 10 years provides a long-term perspective on how the ecosystem has evolved and how startups have matured. By design, older startups are more likely to go bankrupt or be acquired.

Among all startups in Germany, 27% have gone bankrupt and 7% have been acquired. Of the startups that are still active, the majority (59%) have less than 25 employees and are at the Series A level.

This is similar to the French FinTech scene*, where 60% of FinTech startups that are over 5 years old generate revenues of less than €1 million per year.

Level of maturity (number of employees) of startups, per year of creation



* <https://twitter.com/FGraillot/status/1052809969995665409>

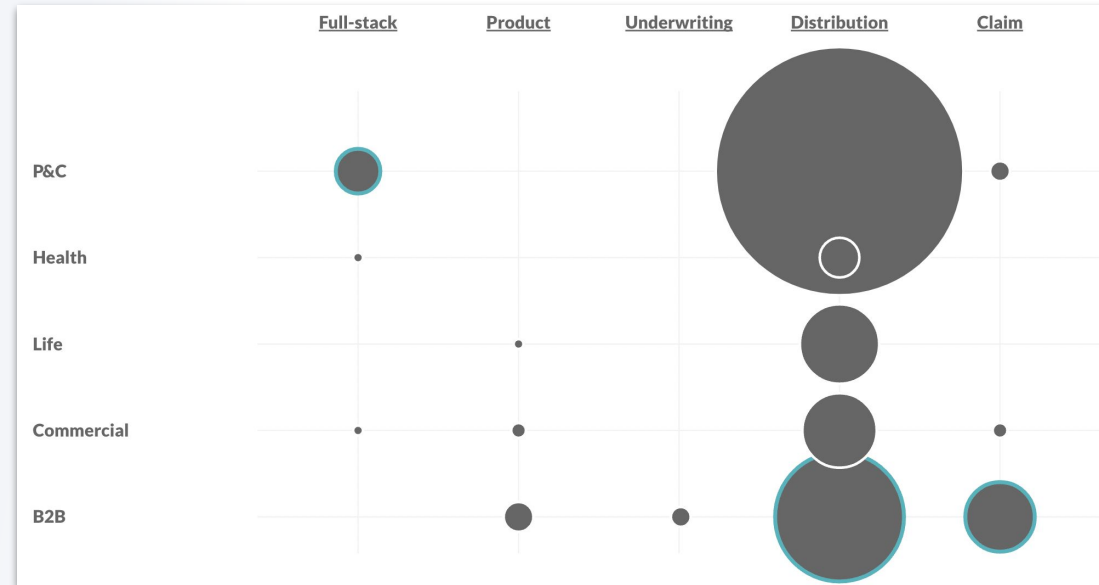
INSURTECH IN GERMANY IS HEAVILY WEIGHTED AROUND 'DISTRIBUTION' AND RATHER DIVERSIFIED ACROSS BUSINESS LINES

Number of startups on each section of the market (value chain / business lines)

To get a sense of which parts of the insurance value chain and which business lines are the most active in the German InsurTech industry, we analyzed the positioning of German InsurTech startups.

This helps to identify areas of greatest activity and opportunities that have yet to be pursued. Similar to the trend across Europe, most startups in Germany are focused on distribution for personal lines, particularly offering P&C solutions.

However, there are some specific trends in the German ecosystem that differ from the European level. These include a higher number of full-stack players, many of which offer P&C products; more tools for brokers (primarily B2B/SaaS solutions in the distribution part of the value chain); and more B2B tools for claim management.



MOST FAILURES OF INSURTECH FOCUSING ON DISTRIBUTION COMPARED TO FULL STACK AND B2B STARTUPS

In addition to the positioning of startups in the value chain and business lines, we also analyzed the number of startups that have raised funding and compared it to the number that have gone bankrupt.

The colors on the chart represent this ratio:

- with green indicating a higher number of startups that raised funding and fewer bankruptcies
- red indicating a higher number of bankruptcies compared to those that raised funding.

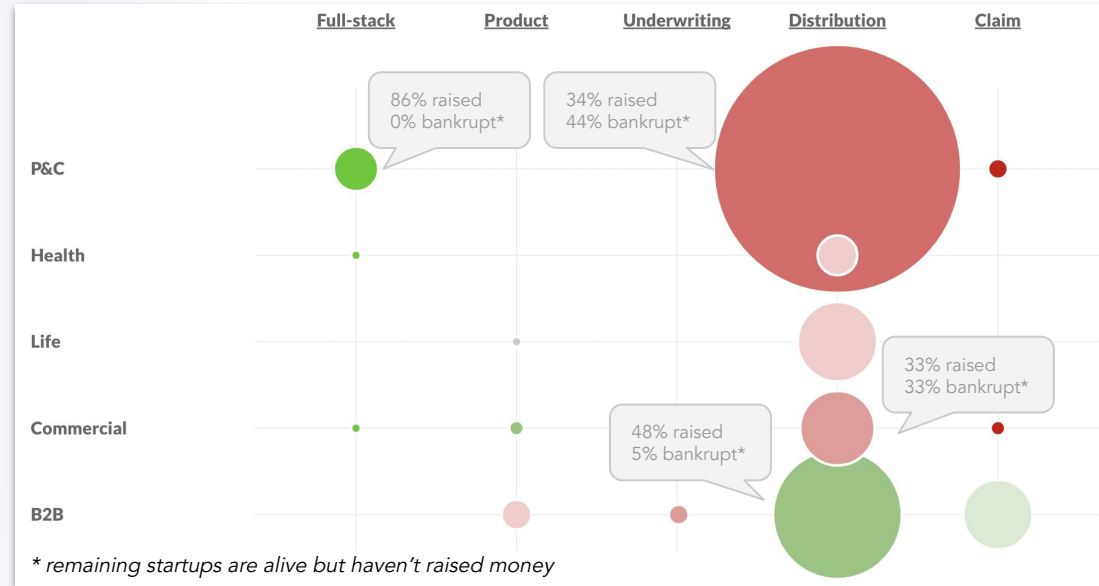
Full-stack players have performed well, with all of them surviving and raising funding.

The distribution sector has been more mixed, with a balanced ratio of bankruptcies and funding for InsurTech startups serving SMEs, and a higher rate of bankruptcies (44%) compared to funding (34%) for P&C. B2B players have performed well, with almost half (48%) raising funding and a low number (5%) going bankrupt.



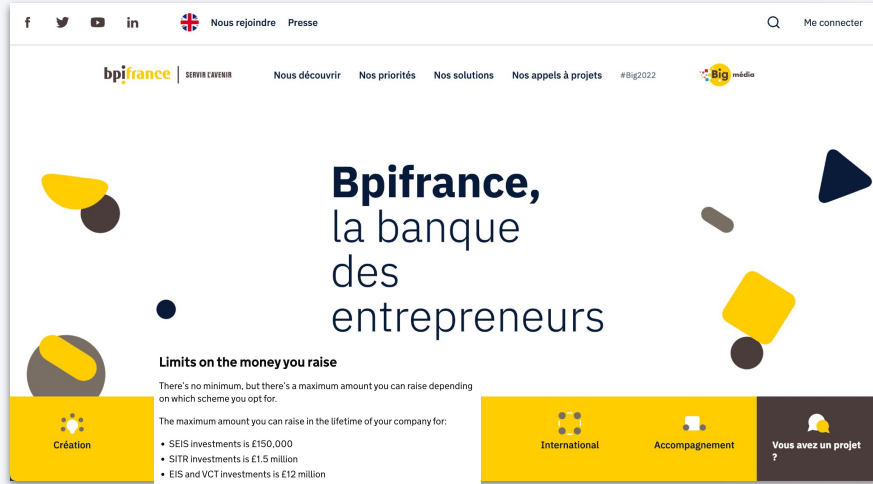
The failure rate in direct-to-consumer distribution models underlines our hypothesis on the relative investment attractiveness of InsurTechs focusing on other parts of the value chain and different business models.

Level of success of each part of the market
(green = more fundraising rounds than bankruptcies;
red = more bankruptcy than fundraising rounds)



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- **Examples of public activity & incentives around venture capital investment**
- Appendix (upon request): one-pagers on startups mentioned in the report

THE FRENCH STARTUP ECOSYSTEM HAS LONG BEEN STRUCTURED AROUND THE STATE'S INVESTMENT ARM ('BPI')



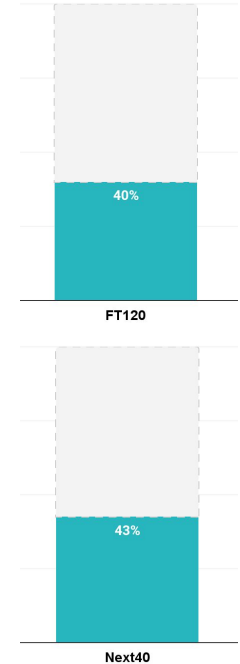
For a few years, BPI has been the most active VC in France, and was once again in 2022*

BPI has invested in 40%+ of fastest growing startups (as listed in State-created indexes Next 40 & FrenchTech 120)**

Top 10 active VCs in 2022

1.	bpifrance	113 deals
2.	kima ventures	54 deals
3.	EURAZEO	24 deals
4.	FOUNDERS FUTURE	17 deals
5.	elaia	15 deals
6.	alven	14 deals
7.	XAnge <small>Stiprex Group</small>	14 deals
8.	DEMETER	14 deals
9.	SUPER NOVA INVEST	13 deals
10.	Caisse des Dépôts <small>Investissements</small>	12 deals

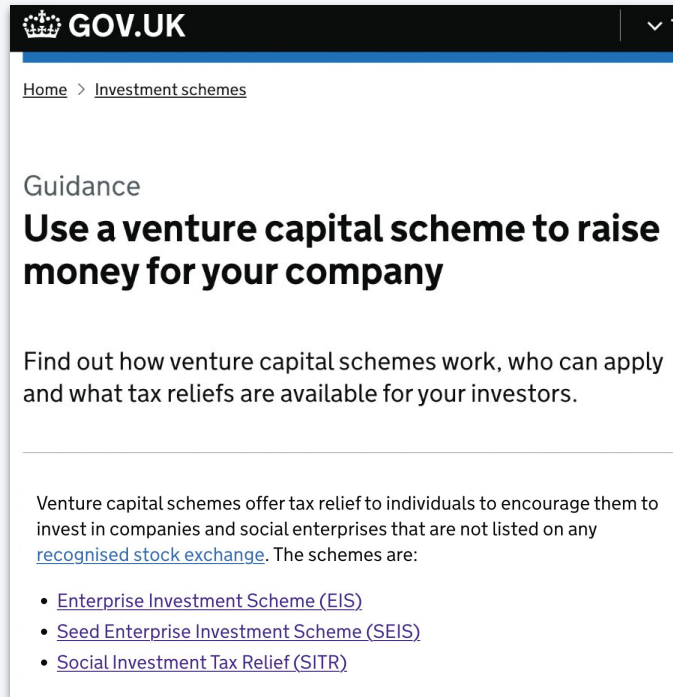
"Caisse des Dépôts" is also a State-owned entity in France.



* Source: Avolta Partners

** Source: France Digitale

THE UK HAS DESIGNED FINANCIAL SCHEMES TO PUSH INVESTORS FUEL STARTUPS



The screenshot shows the GOV.UK website interface. At the top, there is a navigation bar with the GOV.UK logo and a search icon. Below the navigation bar, the breadcrumb trail reads 'Home > Investment schemes'. The main heading is 'Guidance Use a venture capital scheme to raise money for your company'. Below the heading, there is a sub-heading: 'Find out how venture capital schemes work, who can apply and what tax reliefs are available for your investors.' Further down, a paragraph states: 'Venture capital schemes offer tax relief to individuals to encourage them to invest in companies and social enterprises that are not listed on any recognised stock exchange. The schemes are:'. A bulleted list follows, containing three items: 'Enterprise Investment Scheme (EIS)', 'Seed Enterprise Investment Scheme (SEIS)', and 'Social Investment Tax Relief (SITR)'. Each item is a blue hyperlink.



- EIS Scheme -

First introduced in 1994 with the goal of stimulating the growth of the UK's innovative SME sector, since then the Enterprise Investment Scheme (EIS) has gone on to support an incredible 36,720 early-stage businesses, raising over £25bn of investment during that period. (Source: [Growth Capital Venture](#))



- Future Fund -

Launched in April 2021 to support startups and loss-making companies with the investment needed to stay afloat during the pandemic, the Future Fund scheme's investment came in the form of convertible loan notes, giving the UK government equity shares in the enterprise when the funding is converted.

INSTITUTIONAL AND STRATEGIC FRAMEWORK CONDITIONS FOR VC INVESTMENTS IN GERMANY NEED IMPROVEMENT

Despite existing public national funding instruments via KfW or HTGF, the government recognizes the lack of venture capital and plans to improve funding and funding conditions to support startups in Germany. A mandatory minimum VC investment quota for insurance, which has been discussed in the meantime, has not been included, yet.



27/07/2022 JOINT PRESS RELEASE The Economy

Startup roadmap ready: Federal Cabinet adopts first comprehensive startup strategy

The Federal Cabinet today approved what is the first comprehensive startup strategy of a German government. The aim of the strategy is to strengthen the startup ecosystems in Germany and Europe. Following the Cabinet decision, the measures that have been defined for ten fields of action will now start to be implemented. The main objectives of the startup strategy have been named as follows:

1. Strengthen financing for startups
2. Help startups to attract talent including through improved employee ownership opportunities
3. Develop a spirit of entrepreneurship and facilitate the setting up of new businesses including digitally
4. Strengthen female entrepreneurs and support diversity in startups
5. Facilitate startup spin-offs from science and universities
6. Improve the policy environment for startups which serve the common good
7. Mobilise startup competencies for public contracts
8. Make it easier for startups to access data
9. Strengthen regulatory sandboxes and facilitate access to them for startups
10. Put the focus on startups

"The German Insurance Association welcomes the government's efforts to improve investment conditions for young, technology-oriented companies. As capital investors, insurers act with a long-term perspective and a focus on security. With this in mind, we believe it is essential for further development that government support programs and private involvement not only bring more capital into the system, but also improve it. not only to bring more capital into the system, but above all to make consistent efforts to strengthen the venture capital ecosystem as a whole."

Statement of the German Insurance Association (GDV) on the German government's start-up strategy, March 31, 2022.

"Startups need certainty in their planning. The current funding gap must be closed as quickly as possible and a new funding guideline launched. Access to venture capital has been one of the biggest locational disadvantages for German startups for years. Funding programs should therefore be designed in such a way that they erect as few new hurdles as possible."

Achim Berg, President of the Digital Association Bitkom, January 6, 2023

"We will have a Future Financing Act, with which we will provide impetus for additional investment in the modernization of the country from the private sector and with which we will improve the framework conditions for startups."

Christian Lindner, Federal Minister of Finance, Dec. 27, 2023

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TO GO BEYOND: CONTACT US TO DISCUSS FURTHER WHAT MIGHT HAPPEN NEXT IN THE GERMAN INSURTECH INDUSTRY



Stefan Lamper

Maschmeyer Group

stefan.lemper@maschmeyer-group.de



Sebastian Pitzler

InsurLab Germany

sebastian.pitzler@insurlab-germany.com