Markel Digital & Episodic General Liability

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Our mission

Markel Digital leads Markel Corporation’s Insurtech engagement by evaluating emerging technologies, establishing relationships with start-ups and digital distribution partners, developing innovative and disruptive insurance solutions, and making strategic investments in this space.
Why we created a separate unit

• Difficult to innovate off the side of our desks
  – Conflicting corporate priorities
  – Limited resources and bandwidth

• Traditional financial model discourages innovation

• Enhance our value proposition to potential partners
  – Better alignment with startups
  – Heightened sense of urgency

• Requires a slightly different view of taking risk
  – Portfolio underwriting
  – Greater uncertainty
  – Fail fast and learn
The case for Episodic General Liability
The workforce is changing

• 40% of the US workforce (and growing) are contingent workers who do not receive insurance with their employment (Forbes)
• 10,000,000 uninsured sole proprietors in the US (McKinsey)
• Traditional brokers find the cost of acquisition and servicing too high to deal with them.
The need for Episodic General Liability

Sole proprietors, new ventures and micro-businesses should all carry general liability coverage but many have a hard time finding a policy that matches their needs.

- Annual policy premiums are cost prohibitive relative to near-term revenue expectations.
- 25% of policies are canceled in the first year (Bizinsure)
- Many are in the “gig economy”. They find their work by the gig and would prefer to purchase insurance by the gig.
- Many of these workers perform a variety of tasks that are not easy to cover under one traditional policy.
- Often they are not legally or contractually required to purchase insurance, meaning the process has to be friction-free or they may choose not to purchase insurance at all.
Our solution

• Partner with Verifly Insurance Services to provide the technology and customer acquisition strategy

• Develop episodic/short duration general liability product
  – Coverage enhancements – completed ops extension necessary to fill coverage gap
  – Pricing approach – rates must reflect the concentration of exposure in the shorter durations
  – Underwriting considerations – self-classification, simplicity, speed, immediacy, portfolio underwriting, feedback loops
Select coverage for >100 business activities
Select your policy limit, duration and add AIs
What else?

- Immediate access to your COI and a full copy of the policy
- Extend coverage easily prior to expiration
- Cancel at any time pro rata
- Purchase additional policies for your next job or desired duration
Early statistics from Verifly

- 75% of Verifly customers are buying commercial insurance for the first time
- 60% of policies purchased are for <2 days
- 50% of repeat customers by a longer term policy
- 49% of policies were bought on-demand (immediate effective date)
- 73 Net Promoter Score!
The filing process

• Over a dozen phone conversations and presentations with state regulators
• Most common objections: cancellation and non-renewal requirements
• Several unique state objections: 11:59 pm, 12:01 am, meeting criteria for short term policies, filing the application
• Unanticipated objections were around privacy policies and terms and conditions
Questions and feedback

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