



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

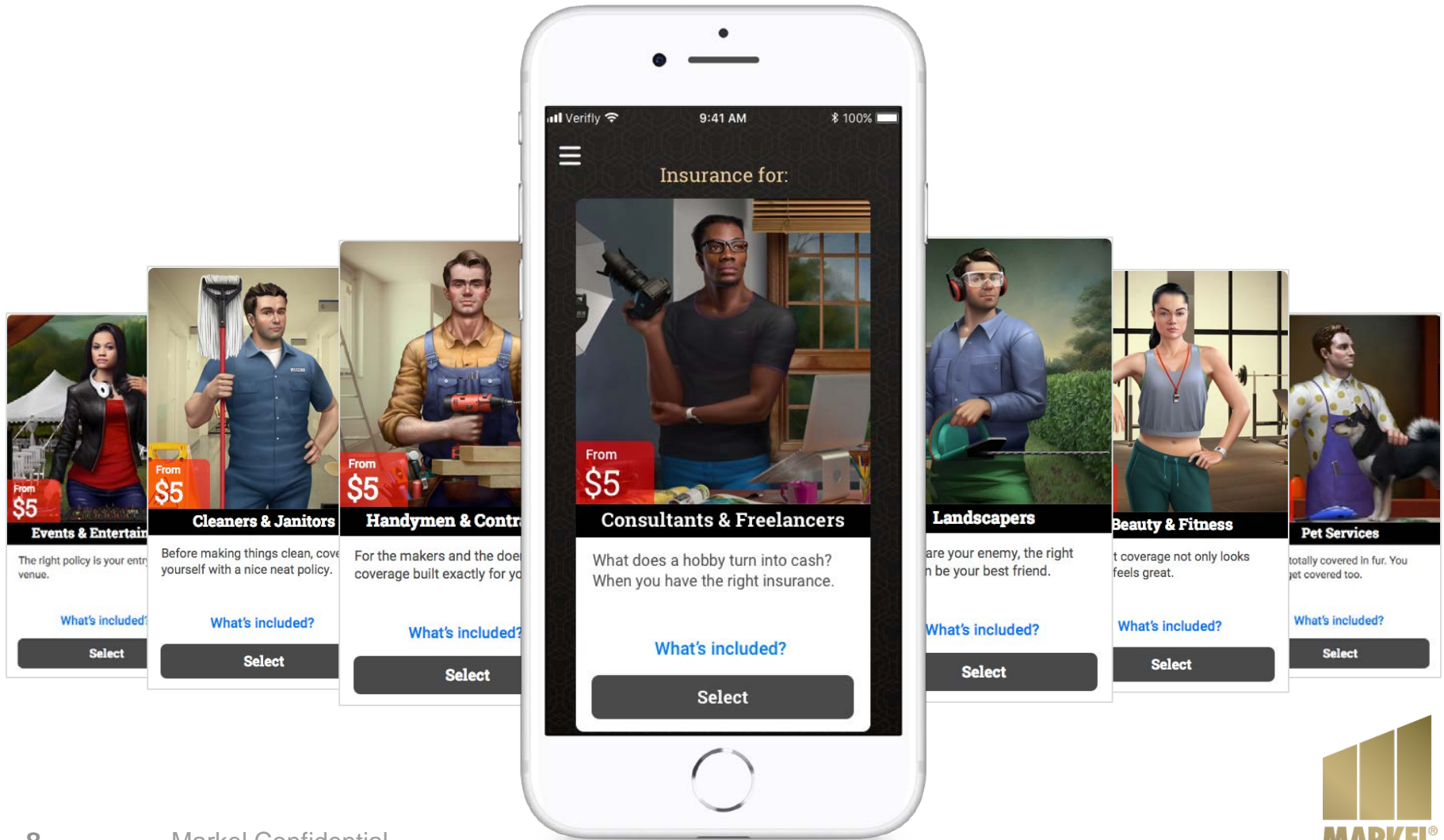
Sole proprietors, new ventures and micro-businesses should all carry general liability coverage but many have a hard time finding a policy that matches their needs.

- 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.

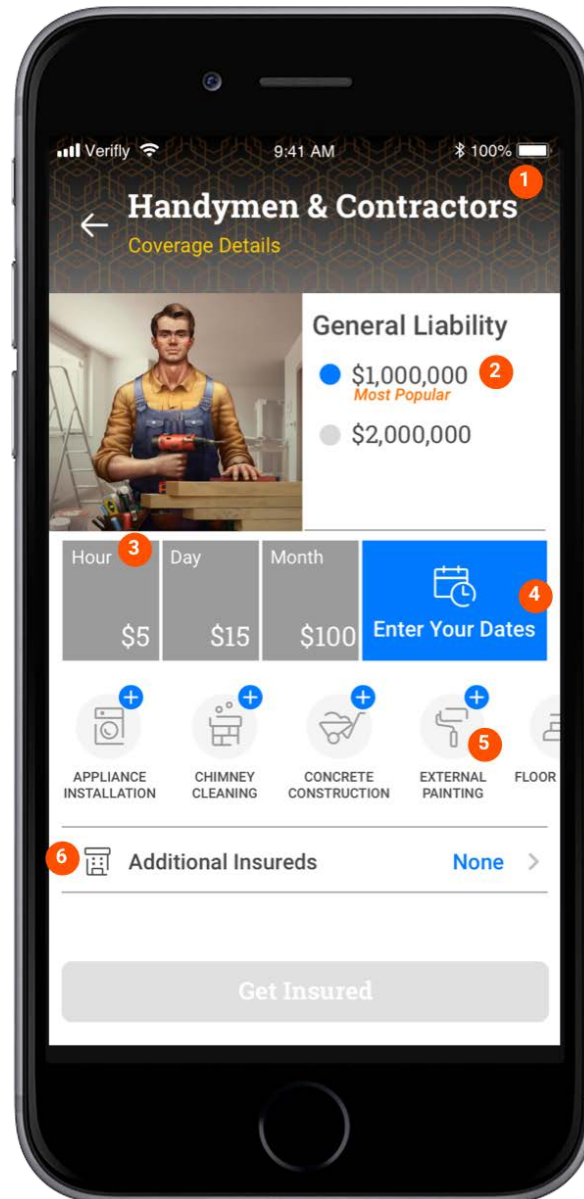
Our solution

- Partner with Verify 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 Verify

- 75% of Verify 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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