

National Association of Insurance Commissioners & The Center for Insurance Policy and Research  
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## INSURANCE AND TECHNOLOGY

# PEER-TO-PEER INSURANCE

**Ty R. Sagalow**  
Chief Insurance Officer  
*Lemonade*™

## Innovation – Two Views



**“Everything that can  
be invented, has  
been invented.”**  
(attrib.) Charles H. Duell,  
Commissioner  
U.S. Office of Patents  
1899



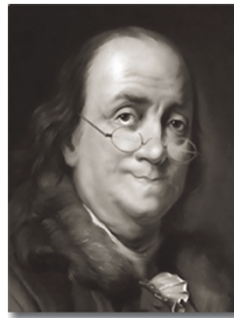
**“If we in the insurance  
industry do not become  
more innovative, we  
will become irrelevant.”**  
Michael S. McGavick, CEO,  
XL/Catlin  
2016

# What Insurance Used To Be

**Members of communities insuring themselves**



## Community Insurance Enters The Modern Age



Benjamin Franklin  
Founder, The Philadelphia Contributionship  
1752



# Peer to Peer Arrives

## Collaborative Economy Honeycomb Version 1.0

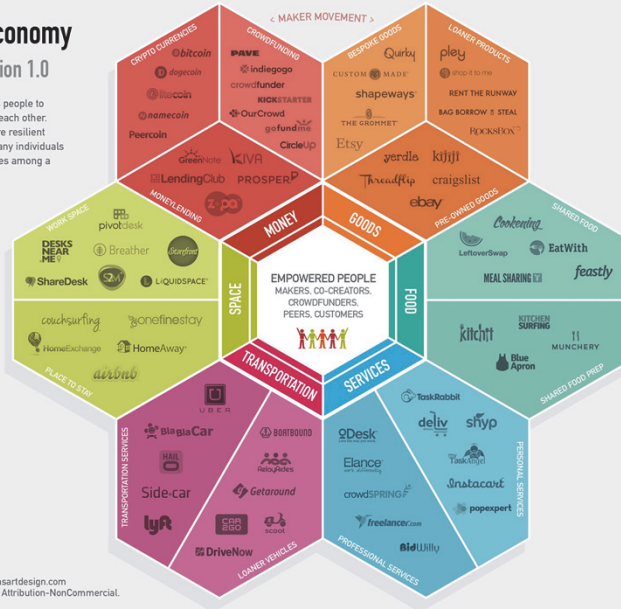
The Collaborative Economy enables people to efficiently get what they need from each other. Similarly, in nature, honeycombs are resilient structures that efficiently enable many individuals to access, share, and grow resources among a common group.

In this visual representation, this economy is organized into discrete families, sub-classes, and example companies. To access the full directory of 9000+ companies visit the Mesh Index, at meshing.it/companies managed by Mesh Labs.

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### KEY MARKET FORCES

- SOCIETAL DRIVERS**
  - DESIRE TO CONNECT
  - SUSTAINABLE MINDSET
  - POPULATION INCREASE
- ECONOMIC DRIVERS**
  - FINANCIAL CLIMATE
  - UNTAPPED IDLE RESOURCES
  - STARTUPS HEAVILY FUNDED
- TECHNOLOGY ENABLERS**
  - INTERNET OF EVERYTHING
  - MOBILE TECHNOLOGIES
  - SOCIAL NETWORKS

**CROWD COMPANIES**  
 www.crowdcompanies.com

# With InsurTech Rising

## Insurance Tech Rising: 130+ Startups Across P2P, Life, Renters, & More



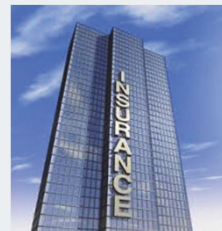
For more insurance tech research, check out:  
**cbi.vc/insurance-tech**  
**CB INSIGHTS**  
 www.cbinsights.com

## P2P Insurance



Combining technology with community to provide a better policyholder experience

## P2P & Legacy Insurance What's Different?



# Insurance In Your Hand



# Fraud Is Not Inevitable

NEW YORK TIMES BESTSELLER

## THE (HONEST) TRUTH ABOUT DISHONESTY

HOW WE LIE  
TO EVERYONE—  
ESPECIALLY  
OURSELVES

WITH A NEW CHAPTER FROM THE AUTHOR

**DAN ARIELY**

AUTHOR OF PREDICABLY IRRATIONAL



"Outstanding."  
—New York Times

## Lessons from the Honest Truth About Dishonesty

NEW YORK TIMES BESTSELLER

**THE  
(HONEST)  
TRUTH  
ABOUT  
DISHONESTY**  
HOW WE LIE  
TO EVERYONE—  
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Everyone cheats  
sometimes (at least a  
little)

There are behavioral  
techniques that can  
reduce “fudging”

Priming the mind in  
advance is one of them

## The Essence of P2P Insurance

Individuals in communities “insuring” one another; everyone pays a little so no one has to pay a lot.

If the community’s losses do not exceed the amount of premium paid by the community, the residual funds or “excess premiums” are returned to the community or policyholder, not kept by the insurance company

If losses exceed premiums, additional losses are paid from the the platform’s retained funds and then by reinsurers

Combined with “really cool” technology that increases the efficiency – and reduces the unpleasantness – of the application and claims processes

## The Essence of P2P Insurance

At its best, P2P Insurance will:

- Reduce expense ratio due to use of technology .1
- Reduce loss ratio due to decrease in fraud arising from the community environment .2
- Eliminate the conflict between policyholders and carriers at claim time .3
- Give back excess premium to the community and policyholders resulting in a policyholder benefit and a benefit to communities and causes their members care about .4

Peer to peer insurance  
seeks to disrupt the  
insurance experience.

**But not insurance  
regulation.**

## *Lemonade*

Giving the policyholder  
an experience both  
sweet and delightful.



## Questions?

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