Insurtech Board Minutes

Minutes of the meeting held on 10th May 2018, at SCOR, Asia House, 10 Lime Street

Date: Thursday 10 May
Location: Asia House, SCOR, 10 Lime St, London EC3M 7AA, UK
Ask for Meeting Room 3rd Floor - Saffron
Time: 1500 – 1700

Attendees:

1. Will Thorne, Innovation Leader, The Channel Syndicate, Chair (FDP)
2. Christopher Beazley, CEO, London Market Group
3. Phoebe Hugh, CEO & Co-Founder, Brolly
4. Daniel Pender, Co-Founder, Gryphon
5. Freddy Macnamara, Founder & CEO, Cuvva
6. Vivek Banga, Chief Digital Officer at Arthur J. Gallagher & Co. Chair: BIBA's cross-industry Innovation Working Group
7. Steven Mendel, CEO & Co-Founder, Bought By Many (attending 1520 to 1640)
8. Trevor Maynard, Head of Innovation, Commercial, Lloyds
9. Gordon Baker, Future Sectors, Business Growth Directorate, BEIS
10. Tom Powell, Business Executive, CBL
11. Euan McCarthy, Policy Advisor, Pensions, Markets & Insurtech, HMT
12. Greg Michel, Fintech Lead, Tech Nation
13. Meera Last, Project Manager, Tech Nation

Apologies:

1. Chris Sharpe, CEO, Kinsu
2. Paolo Cuomo, Co-Founder InsTech London & Principal, Boston Consulting Group
3. Serge Taborin, Group Digital Innovation Director, Aviva (FDP)
4. Philip Brown, Head of Policy, LV= (FDP)
5. Thomas Price, Head of Fintech, Banking and Credit Team, HMT (FDP)
6. Matthew Cullen, Assistant Director, Head of Strategy, Data & Analytics at the Association of British Insurers
7. Louis Barson, Head of Future Sectors, Business Growth Directorate, BEIS
8. Daniel Poxton, Insurance and Pensions, HMT
9. Alan Stewart, Insurance and Markets Team, HMT
10. Tom Shirley, Deputy Director, BEIS
11. Ozlem Bas, Policy Adviser, Banking and Credit Team, HMT

1. Preliminary

1.1. It was noted that the meeting had been duly convened.

2. Welcome

2.1. Will Thorne (WT) welcomed the panel, and thanked the attendees for joining. WT introduced Meera Last (ML) from Tech Nation to the panel, recently onboarded to support the Insurtech Board.

2.2. WT went on to note the significant progress made by the Board since it was first convened.

2.3. WT noted the public announcement of and support for the Group's Insurtech Vision. It was noted that the Group received a great deal of support from the community, with over fifty individuals reaching out to offer their time. WT also noted that, going forward, Tech Nation have onboarded specific PR support to ensure that all press going forward is as accessible as possible.

3. Onboarding Working Group Update

3.1. Freddy Mcnamara (FM) lead the update from the Onboarding Working Group. FM noted that the purpose of this working group was to enable and facilitate collaboration between insurtechs and incumbent insurers.

3.2. FM continued by giving an update on the suite of standard legal documents that are the Group's current priority. It was noted with appreciation that Martin Mankabady (MM) of Dentons and Pollyanna Deane (PD) of Simmons & Simmons have spent a significant amount of time drafting these initial draft versions.

3.3. FM noted that the Group have three standard document drafts complete: the model TOBA (Terms of Business Agreement) for an agreement between an Insurer and a Distributor; the NDA (Non-Disclosure Agreement); and the Appointed Representative Agreement.

3.4. FM drew attention to the draft standard form TOBA (Terms of Business Agreement). The Group has made the decision that these draft documents have the aim of being "centre of the road", to ensure that the balance of power between both negotiating parties is as equitable as possible.

3.5. FM went on to highlight that the Group had made the decision to "colour-code" each document, indicating to both parties in negotiations which clauses are: legally necessary, and not up for debate; flexible to be discussed; clauses each party needs to be aware of.

3.6. FM indicated that it would be useful to hear feedback from this Group on the content and intention behind the three documents already drafted. Phoebe Hugh (PH) also noted that the Group have received interest from several insurtechs who are keen to support the work, and that there is clearly an ask for a standardised suite in the community. FM agreed, and indicated that we need to make progress on editing and improving the current draft versions, with the help of the Board and the wider community.

3.7. FM noted that there are a few more documents that the Group wishes to work on, including an MGA Agreement.

3.8. WT thanked FM for the update and posed the question around hosting of the standard documents, as this would influence access and maintenance.

3.9. ML noted that Tech Nation have discussed with their content team, and have the capacity to host these documents in a Resources section on their website.

3.10. Greg Michel (GM) added that endorsement from the Board and it's members, specifically BIBA, LMA and the ABI, would be pivotal to ensuring that these standardised documents have the credibility in the market to be used.

3.11. WT then posed a question about the branding on the specific documents, given that two law firms in particular have been instrumental in the drafting of the documents. It was decided that Dentons and Simmons & Simmons would have some brand presence on the standard suite to ensure that their work is acknowledged, regardless of where the documents are hosted.

3.12. GM described the standards guidelines that were followed in order to get a public consultation on similar standard documents for the Fintech Delivery Panel (henceforth the FDP). GM noted that this process is understandably lengthy and didn't necessarily need to be followed for the work of this group, however some form of public consultation was useful in getting a wider recognition for and approval of the work undertaken.

3.13. Vivek Banga (VB) asked how the group was proposing to address the need for such standard documents within the Broker community.

3.14. FM responded by explaining that the current drafts are just for an Insurer as Capacity Backer and a Distributor, but that the Group fully intends to add more versions to the suite - including three more standard TOBA documents.

3.15. VB thanked FM for his response, and went on to note that the Appointed Representative document would be extremely useful for BIBA and the wider Broker community.

3.16. WT raised that a Proof of Concept Contract would be useful. The Group agrees.

3.17. Trevor Maynard (TM) requested if he could share these draft documents with his legal team at Lloyd's, who are working on a similar initiative as part of the Innovation Lab work with Boston Consulting Group. FM agreed. TM noted that it would be good for the work of both initiatives to cross over, for the benefit of the community as a whole.

3.18. Gordon Baker (GB) asked if there is currently legal support available for Insurtechs.

3.19. FM responded by clarifying that there is indeed support available, with some Magic Circle law firms offering pro bono hours to Insurtechs.

3.20. WT thanked FM for the update. He went on to thank the entire working group for their time, and for the excellent progress that was made since the last meeting of the Insurtech Board.

4. Support Working Group Update

4.1. Dan Pender (DP) lead the update from the Support Working Group. DP noted that the purpose of the Support Working Group is to listen to the community of insurtechs in the UK, understand their needs, and design solutions to support them at every stage of their development journey, making these as accessible as possible.

4.2. DP started by highlighting the Group's intention to draft a survey which will aim to understand these community needs in more detail. DP noted that the Group intends to distribute this survey as widely as possible, with a slightly different version sent through some Global networks to understand how other ecosystem hubs have been supported in other territories.

4.3. DP then went on to highlight the work completed by ML on the other insurtech ecosystems (the Group noted Hartford, Munich and Tel Aviv as leading examples). This work highlights the accessible support available to start-ups in or around those ecosystems, including; an investor directory; insurtech “Voices”; access to grants and/or funding; and more.

4.4. DP indicated that the Group wishes to have its content hosted on the Tech Nation website. It is noted that the question of how this content is going to be maintained remains open. DP asked ML to distribute the work completed on other ecosystems to the rest of the Group, so they can respond with comments on what would be most suitable to support the UK ecosystem.

4.5. DP then went on to update the Group on the decision to open discussions with the Prudential Regulation Authority (henceforth the PRA). It was noted that other ecosystems have seen evidence of business model innovation through the emergence of full-stack insurers (in Germany, France and the USA). DP wondered if the relative difficulty of navigating the complex approvals process with the PRA could explain the lack of such innovation in the UK insurtech ecosystem. DP went on to add that the Financial Conduct Authority (FCA) have made clear strides to improve the transparency of their processes, and have opened themselves up to innovation via initiatives such as the Sandbox, which has been positively received. DP concluded that the Group believed, therefore, that a discussion with the PRA on clarifying their process for the community at large could be beneficial.

4.6. TM added that he has a good working contact at the PRA who is very happy to open these discussions.

4.7. ML noted that Matt Cullen (MC - not present) had informed her that the Association of British Insurers (henceforth the ABI) had had similar discussions with the PRA in the past, but the consensus at the time was that there was not enough need in the community to justify the work. DP thanked ML for this clarification. TM raised that a call between himself, DP, and MC to clarify the work going forward would be useful. ML agreed, and noted the action to arrange the conversation.

4.8. WT raised the question around the PRA’s awareness of the advances in other ecosystems. The Group responded that this is an unknown and would be addressed by the conversation.

4.9. TM then raised the recent work of the Lloyd’s of London Innovation Lab. He said that the Lab should be used as another channel through which start-ups

can be supported, especially in the realm of business model and use case validation. TM explained that Lloyd's intend to use space within their premises to showcase startups that are of interest. TM said that the Lab fully supports the work of the Board.

4.10. WT asked when the Lloyd's Lab intend to have their first teams installed. TM responded that October is the aim.

4.11. GB moved the conversation on to the next meeting of the Insurtech Board. He asked the Group if they would value having a Minister present to further add weight to the endorsement of the Board's work. The Group agreed. ML noted the action.

4.12. GB asked why the Support Group have not formally engaged the FCA in a similar discussion to the PRA. DP responded that the FCA have already made incredible strides and now are a supportive force for insurtech innovation. GM noted that Anna Wallace (AW), through her role in the Fintech Delivery Panel, does get updated on the work of the Board and has sight of all the work completed.

4.13. DP thanked the Group and concluded his contributions. DP finished by stating that the Group wants to ensure that they design and create content support that directly addresses the needs of the community.

5. Investor Working Group Update

5.1. WT began by reminding the Group that the Investor Working Group was started with the intention of encouraging a more mature investment culture in the UK market, with regard to Seed, Series B and C in particular. It was noted that UK deal flow is such that the investors' pass rate is very high. WT noted that the EIS exclusion has potentially posed a challenge to the UK insurtech scene. WT and ML both noted that, however, the objectives of this working group can and will change according to the work completed to understand the needs from the community in particular.

5.2. GB agreed with WT, and noted that the Government, and the Treasury in particular, are keen to ensure that cash flow into the UK is sustained.

5.3. WT noted GB's contribution. WT continued by discussing the feedback he received from a Group of specialist investors interested in insurtech in particular. WT noted that the challenges are hard to solve for, because some

appear cultural on the surface, and are impacted by access to talent, lack of exits, and other.

5.4. WT explained that the most agreed upon suggestion for promoting the flow of talent into the insurtech ecosystem was through and industry or government sponsored “challenge”; the Group have discussed the idea of staging a Techsprint or Hackathon to encourage talent to utilise their knowledge and experience.

5.5. Steven Mendel (SM) noted that the Group have decided there is no appetite for another investor showcase. It is noted that there are already enough events of this kind to satisfy the needs of the community, and moreover, it is unclear how the Insurtech Board’s event would add any value.

5.6. DP asked if the lack of exits in the UK market is a contributing factor to the current investment culture we have. He expanded by saying that it is hard to see investment potential with no precedent, and that it is hard to visualise an insurtech making a successful exit.

5.7. WT noted that partly the complexity of the insurance industry in the UK makes it challenging. We often have tripartite agreements, with capital behind underwriting and growth held seperately.

5.8. SM added that, although this may be true, in his experience VCs are able and willing to reach out to companies with an interesting or credible business approach.

5.9. WT noted that the Village - an investment community involving Mark Zuckerberg and others - use their technology and founders network to support early stage start-ups. WT noted that they intend to organise an event in London, with a mirror event in New York, and it would be in conjunction with the work of the Insurtech Board.

5.10. FM asked if there are similar kinds of investors in the insurance space that would be interested in supporting the earliest stages of investment.

5.11. GM raised that there were two issues to consider. Firstly, the fact that specialist VCs don’t find the quality of deal flow they need and secondly that some more generalist VCs stating that they are interested in investing in insurtech don’t necessarily have an insurance expert within their ranks. PH agreed that this could be a factor in the lower levels of insurtech investment.

5.12. GB raised that Innovate UK are working on solutions to get technology to market, and are intending to pose a challenge with the Next Generation Services fund with R&D in insurance as the next focus point.

5.13. WT thanked the Investor Working Group for their contributions, and the rest of the Board for the discussion. He notes that work is still needed.

6. International Reputation Working Group Update

6.1. Christopher Beazley (CB) introduced himself and noted that the Group, having met only once a few days prior to the meeting, is in its early stages. He noted that he and the other members, Paolo Cuomo (PC) and MC, are all limited in terms of capacity.

6.2. CB stated that the initial work will involve understanding how each group member currently interacts with the Department for International Trade (DIT) in all capacities, so that the Group can design the most effective approach.

6.3. CB noted that the overall purpose of this working group is to organise, in partnership with DIT, insurtech specific trade missions to promote the UK as a secondary market for insurtechs from alternative territories.

6.4. CB also noted that PC raised the point in the initial meeting that we must ensure that any startups invited to the UK get the welcome they are promised; so work is to be done on validating that incumbents and insurtechs are interested in having start-ups from other territories coming here.

6.5. SM noted that he is very familiar with the organisers of the DIA conference, to be held in Amsterdam this year. He raised the point that London could be a good next location for the conference.

6.6. All noted that the trade mission and/or conference would need to be very carefully organised, to ensure that maximum value is gained.

6.7. ML noted that SM's connections into DIA would be interesting to explore.

7. Any Other Business

7.1. WT asked ML to expand on her work researching other ecosystems. ML agreed to distribute the work in a legible format for the Group to digest and respond to.

7.2. GB asked GM and ML if they are happy with the current progress of the Insurtech Board and the approach that the members are taking to the work.

7.3. GM responded by stating that he was happy with progress made, and that he feels the Board must focus on delivering tangible results to the community to ensure we have their support. GM also suggested setting deadlines for the completion of some of the work undertaken. ML noted the action to suggest workable deadlines.

7.4. ML agreed with GM, and added that she is dedicated resource that can and should be used to advance work as quickly as possible.

8. Close

8.1. WT thanked all for making the time to attend. WT states that he is personally pleased with the progress of the Board, and is excited for the Board to convene again.

8.2. ML agreed, and stated that she will be distributing minutes and actions in due course.

Close