



David and / or Goliath:

The Future of Insurtech Collaboration

Key insights from the Zurich Innovation
Championship 2021-22





Executive summary

In the wake of rapidly-evolving customer expectations, an ongoing industry-wide digital transformation, and the rise of insurtech firms, innovation and technology have become watchwords for today's global insurance industry. The challenge facing large, established incumbents such as Zurich is how to innovate effectively and whether external collaboration could have a significant impact on driving innovation as opposed to trying to go it alone.

This Insight Report aims to explain what the Zurich Innovation Championship is and to set it in the context of Zurich Insurance Group (Zurich)'s broader approach to innovation. It shows how the continuous data-based evolution of the Championship's format and approach is informing the way that Zurich – and to some extent the wider insurance industry – is approaching the whole concept of innovation.

This report discusses the insights we at Zurich have gained from our three Zurich Innovation Championship editions to date, with an in-depth focus on the specific learnings gained from the most recent third edition.

Part one of the report explains that the Zurich Innovation Championship has been central to Zurich's evolving approach to collaborative innovation. It discusses how the Championship has evolved from its original inception and developed its current unique initiative-based focus that blends local business needs with global strategic priorities.

Part two of the report outlines the selection and validation process for initiatives in the third edition and profiles those companies chosen to collaborate on initiatives.

Part three of the report outlines some of the key learnings of the third edition, showing why it is that the Championship is a cornerstone of Zurich's global innovation strategy and continues to be at the cutting edge of the insurance industry's approach to collaborative innovation.

Our hope is that startups, startup incubators, and even accelerators located all around the world will find this report both useful and inspiring. Not only do we want them to take inspiration from the unique model of the Zurich Innovation Championship, but also by explaining the goals, structure, and unique elements of the Championship, we want to motivate some of the most exciting and innovative startups out there to consider collaborating or building initiatives with Zurich in the future.

Collaboration is key to the future of external insurance innovation. With this report we hope to show the Zurich approach to collaboration and how it has evolved.

Part 1

Collaborate to Innovate

Introducing the Zurich Innovation
Championship and why it is so
important to the Group's global
innovation strategy



David and Goliath: a parable for the modern insurance industry

Introduction by Paolo Mantero, Chief Strategy Officer

It may seem strange to start a report about innovation with a reference to an ancient legend. Yet there are several lessons we can learn from the Biblical story of David and Goliath.

One is the importance of courage over fear, since the victorious David was only a small shepherd when he defeated the giant warrior Goliath. More pertinently, the business world often uses the story as an analogy about how nimble, fast-moving startups (Davids) can get the best of large, “slow-moving” incumbents (Goliaths).

Yet this is the wrong way to look at the story, because Goliath was not slow. On the contrary, he was renowned as the greatest warrior of his time. He was fast, strong, and experienced. David was only able to beat him because of his unique focus and highly specialized skill with the slingshot.

Just imagine what the impact on their world would have been if, instead of fighting, these two had joined forces. Together, they would have had the best of both worlds: The great strength, endurance, and experience of Goliath, with the focus and specialization of David.

A few years ago, many powerful Goliaths in the insurance world were playing close attention to the possibility of disruption from nimble insurtech Davids. We don’t need to look far to see examples of bold new entrants who have shaken up traditional industries in this way. Think Spotify in the music industry, Airbnb in hospitality, or Tesla in the automotive industry.

Companies can now attract millions of users in a fraction of the time it used to take entire sectors to do so. In the 20th century, the automotive industry took 62 years to gain 50 million customers. According to the World Economic Forum, PayPal took five years to hit the same milestone, while Instagram took only 17 months.¹

The speed of change is accelerating now more than ever, thanks to a combination of the so-called “Amazon Effect”² and the impact of the pandemic. It is true that insurers must transform or risk being overtaken by new players with alternative business models or more appealing products.

However, as the last few years have shown, while insurtechs have become a significant portion of the overall insurance market,³ we at Zurich have much to gain from looking upon this as an opportunity. Rather than fight our Davids, we prefer to look on them as potential allies.

¹ <https://www.weforum.org/agenda/2018/06/how-long-does-it-take-to-hit-50-million-users>

² <https://www.forbes.com/sites/forbescommunicationscouncil/2018/02/22/what-the-amazon-effect-means-for-retailers/?sh=2d2155d32ded>

³ <https://www.globenewswire.com/en/news-release/2022/06/02/2455649/0/en/Insurtech-Market-is-expected-to-reach-a-market-size-of-114-Billion-by-2030-growing-at-a-Staggering-CAGR-of-46-1-Straits-Research.html>



Collaboration is the key to successful innovation

More than nine in ten insurtech startups are “enablers.”⁴ This means they are targeting parts of the insurance value chain and want to work with carriers rather than replace them. Most of these nimble innovators are potential partners rather than challengers.

In other words, we looked at the old David and Goliath narrative and asked what might have been if the warrior and the shepherd had teamed up to use their complementary talents to solve the most pressing problems of their age. What if we used this idea to inspire our own collaborative approach to redefine the boundaries of insurance, together?

This, after all, is the reason why we pursue innovation. Not for its own sake. Not to keep up with competitors, and not simply to have access to the best technology. We innovate so we can more effectively meet our customers’ needs and expectations in an increasingly uncertain and rapidly changing world, and so we can continue to do this for our next 150 years and beyond.

Zurich Innovation Championship: A new way of working

This is why we launched the first edition of Zurich’s global startup tournament, the Zurich Innovation Championship, in 2018. So that we could harness not only the talents and ideas of our more than 50,000 employees around the world, but those of the millions of people outside our organization looking to solve the same problems. So that we could leverage all this activity to uncover new ways to solve the needs and pain points of our customers.

Since then, the Zurich Innovation Championship has become one of the key drivers of Zurich’s global innovation strategy and transformation journey. More than that, the Championship has fostered a mindset change within Zurich. What began as a worldwide challenge for entrepreneurs, combining agile, innovative startups with the reach and experience of a global insurer, has evolved into a broader, evidence-driven open innovation management process.

It has not only changed the way we select and collaborate with insurtechs, but it has also influenced how we approach innovation across the Zurich Group. At the same time, fostering the growth of an insurtech ecosystem has helped to develop the skills of our own people, thereby enhancing their lifelong employability and the sustainability of their careers.



⁴ <https://www.mckinsey.com/industries/financial-services/our-insights/Insurtech-the-threat-that-inspires>

The importance of continuous evolution

For Zurich, innovation is not technology-led. Rather, it is led by our commitment to meeting and exceeding the evolving needs of our customers. We wanted to find those startups who would predict and anticipate the customer demands of the future, or who could help us to better serve our customers' needs today by future-proofing our operations.

We also wanted to add an element of the unexpected, of the truly innovative. We were looking for the great ideas of the future – to seek out those startups with the billion-dollar business models of the 2030s. Those who could challenge our assumptions and inspire us to look at insurance through a different lens.

Because of this, we chose a process that started with the business challenges our business units experienced and they looked at seeking out and validating startups that could solve those problems. We did not start with a top-down approach. In this way, we committed from the start to forging a collaborative process based on applying effective technologies to solve real-world solutions.

This is why, when we put out the call for submissions, we settled on four key themes that we thought would have the biggest practical impact in the shortest time: three to align our innovation efforts with the Group's strategic priorities and a fourth "wild card" theme that could introduce us to unexpected and challenging new ideas:

- 1. Simplification:** streamlining our interactions with customers, suppliers, and partners, as well as helping improve our operations and employee experience
- 2. Prevention and Mitigation:** solutions that will help customers better understand, prevent and manage risks
- 3. Sustainability:** solutions that support sustainability for our customers, communities, partners and employees, as well as solutions to help build confidence in today's society
- 4. Insurance Reimagined:** challenging our assumptions while helping us build the insurance of the 2030s, redefining it both for our customers and the wider insurance market

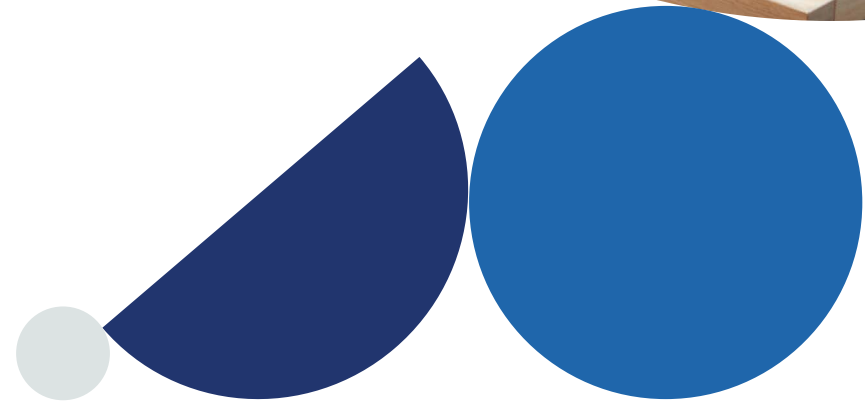
Time is one of the keys to success when it comes to innovation. In only four short years, the Championship has evolved from a competition to a kind of engine driving our innovation efforts across the Group. It has evolved from an accelerator to a wider innovation management process.

As the Championships have gone on, they have in turn shortened the time it takes for us to select and validate an initiative, as well as shortening the time it takes to go from initial collaboration to real business impact. This report aims to outline this evolution, how we have evolved, and why our repeatable, collaborative method of external innovation is proving so powerful.

In a fast-changing world, not collaborating is not an option

Digital innovation is already redefining the insurance ecosystem and will only continue to do so. Across the market, it is leading to the development of better and more personalized services, more accurate pricing of risks, lower costs, better capital allocation, and higher margins. This is better for customers, and Zurich is committed to innovation and continuous improvement to meet the needs and expectations not just of our customers, but also our agents, brokers, and partners.

Collaborating with the right insurtech startups helps drive external innovation. It was this commitment that led to the founding of the first Zurich Innovation Championship in 2018.



The Zurich Innovation Championship

The Zurich Innovation Championship has taken a few years to evolve into its current form. This section briefly introduces the history and key learnings of previous editions of the innovation championships that led to the most recent 2021-22 edition.

History and initial goals

The Zurich Innovation Championship was founded as a worldwide challenge for entrepreneurs, combining agile innovative startups from all around the world with the reach and experience of a global insurer.

Beginning with the first edition in 2018, the initial goals were twofold:

1. To seek out small startups with the potential to become the insurtech unicorns of the future, and partner with them, accelerate their development, and give them access to global markets to help them prove their business models and scale rapidly.
2. To future-proof Zurich and stay two steps ahead of rapidly changing customer behaviors.

In execution, startups were invited to apply to collaborate with one of our local business units. This meant that a startup in Mexico with a strong B2B technology platform might apply to collaborate with our US business unit for example. Or a startup from Israel with a B2C proposition might apply to work with our business unit in Germany. In this way, the Zurich Innovation Championship offers a truly global competition.

If accepted, the startups would build initiatives in collaboration with that respective business unit. For each of the first two years, we selected eight global finalists, two per region, from which our Executive Committee would then choose the top initiatives as global winners. From this process, we chose four global winners in the first edition and three global winners in the second.

Although there were plans to develop the Championship in its second edition in 2020-21, COVID got in the way of these plans, and so the second edition proceeded in similar fashion to the first. They were both global challenges that invited innovative insurtech startups and entrepreneurs to apply to collaborate with one of Zurich's national business units to build an initiative aimed at solving a specific and pressing business challenge in that market. What we learned from these first two editions was invaluable.



Key successes from the previous two years

As the Innovation Championship went through its first two editions, it began to evolve to reflect the insights and successes garnered along the way.

Submissions increased by almost 300% in a single year

The number of submissions to the Innovation Championship increased almost threefold in just one year, from 458 in the first edition to 1,358 in the second. This proves that the first edition went a long way towards establishing Zurich as one of the leading incumbents in the insurtech space, able to effectively leverage our global reach, expertise and customer base to bring innovative new ideas to audiences quickly.

22 initiatives from the first two editions have generated significant value for us and the startups involved

This is another key indicator of the strength of the first two editions. Between the global finalists and collaborative initiatives that were built with national business units, 22 are still going today. Ten of them are already generating a quantifiable business impact.

Key learnings from the first and second editions

Alongside these successes, we also gained some significant insights into what to improve for the third edition.

Improved “matchmaking” process

In the third edition we improved the “matchmaking” aspect of the process, adding a time-boxed accelerator to validate desirability, feasibility, and viability.

Basing decisions on irrefutable evidence

After the first two editions of the Innovation Championship, we decided to instigate an even more rigorous evidence-based approach to decision-making.

Time-boxing the accelerator

One of the key learnings from the first two editions was the need to tighten up the accelerator stage of the process. So we time-boxed this and brought it down to 90 days, adding several gated stages of development for initiatives to pass through. This helped to standardize the process and speed up validation.

Bringing in a variety of global experts to strengthen the validation stage

Having made the decision to time-box the accelerator, we also decided to bring in a range of subject matter experts from the global team to work with each of the initiatives where they had the potential to add value. This not only included the likes of our global financial team, but also less obvious and more unique subject matter expertise, giving the initiatives the benefit of real breadth and depth of experience that they simply would not be able to access otherwise.

Being initiative-led

Our process emphasizes optimizing the potential business impact of each initiative between startup and internal business unit.

All of these learnings set the stage for the updated priorities and successes of the third edition of the Innovation Championship.

Zurich Innovation Championship 3rd Edition

Priorities for 2021 – 2022

As a result of what we learned about the insurtech startup ecosystem and about the nature of innovation in our industry, the third edition combines these with the successes of our two previous editions to embody an evidence-driven open innovation management process that:

- Aligns Zurich's innovation with the Group's strategy and business goals
- Makes the time it takes to implement initiatives more predictable and repeatable
- Minimizes the risks related to going into adoption
- Relies on evidence-based decision-making to prove hypotheses at the selection and validation stages
- Enhances our entrepreneurial culture

As in previous Championships, the third edition sought to select, validate, adopt, and, ultimately, scale insurtech startups. We still wanted to find startups with whom our national business units could collaborate to build initiatives based around solving specific business challenges in those markets.

However, due to the key learnings outlined in the previous section, the Innovation Championship has also become the engine driving a new working paradigm of continuous Group-wide innovation.

In brief, the three priorities for the third edition of the Zurich Innovation Championship are:

1. To bring in external perspectives on how to meet customers' needs
2. To infuse new ways of working and a fresh innovation mindset into the organization
3. To drive and develop bold and innovative new initiatives into scalable, practical solutions



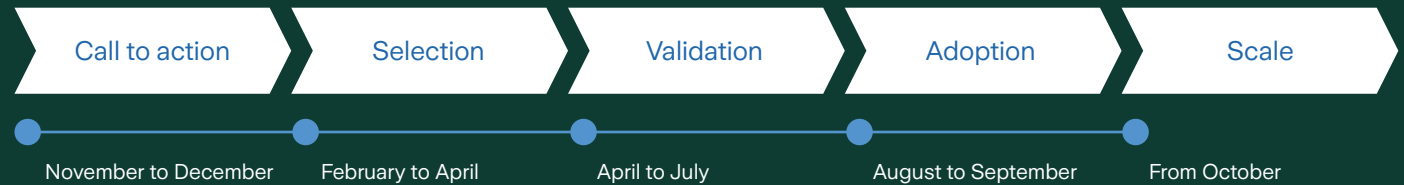
Part 2

The Zurich Innovation Championship 2021 - 2022



A deeper dive into Zurich's startup collaboration framework

The timeline: a one year journey to remain at the forefront of innovation in the insurance sector.



The Zurich Innovation Championship is a one-year program for the startups who are selected to take part, which sees them go from submission to selection, validation, adoption, and finally scaling. The secret sauce is how the accelerator part of the process works to validate the initiatives systematically using irrefutable evidence of the initiatives' potential business impact.

The Call to Action

In keeping with previous years, we invited startups from all around the world to apply to the national business unit of their choice with the business challenge they felt they could help to solve.

To help coordinate the applications and match the most promising startups with the most suitable Zurich business units, we created four global themes to categorize the applications.

The four key global themes

Zurich's strategy is:

- To be a truly **customer-led** company
- To **simplify** our business and operations, making better use of our resources
- To **innovate** continuously, in order to meet and exceed customers' expectations and needs

Through these strategic priorities, we want to create value for all our major stakeholders: our customers, our people, our shareholders, and the world in which we live.

In keeping with the goal of aligning Zurich's innovation objectives with the Group's strategy and business goals, the third edition of the Innovation Championship was built around four key strategic themes that tied back to that overarching strategy:

Simplicity

Simplification is a key part of Zurich's global strategy. This is all about streamlining how the Group interacts with customers and partners across the value chain. It is also about improving operations and the employee experience while increasing efficiencies.

Prevention and Mitigation

At Zurich, we want to protect our customers, not only by responding once something has happened, but by preventing negative incidents from happening in the first place. For the Championship, this was partly about attracting submissions from startups with solutions with which we can help our customers better understand, prevent, and manage risks themselves.

Sustainability

It's Zurich's ambition to be one of the most responsible and impactful businesses in the world. We are taking global measures to reduce our own carbon footprint, help our customers adopt more sustainable behaviors, support employee wellbeing, and support communities to become more resilient to natural hazards and extreme weather events.

Insurance Reimagined

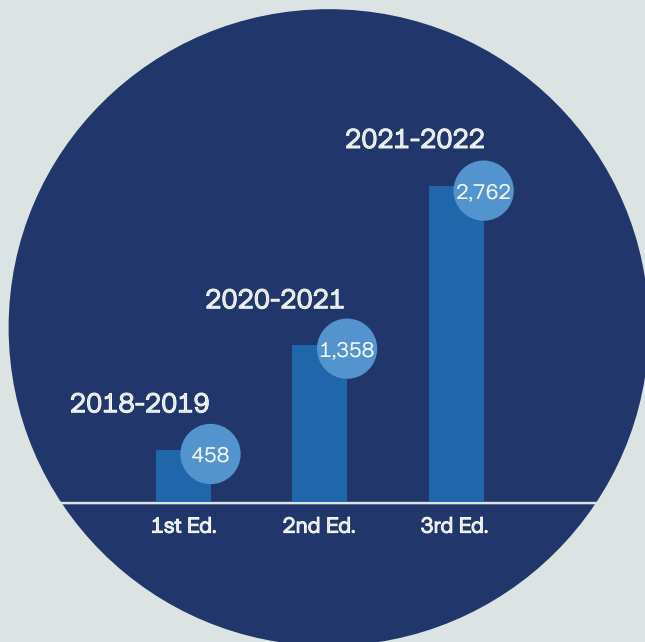
You don't know what you don't know, which is why a wild card element was added to the Championship. This category is our open call for ideas that think outside the box, not just from startups in the insurtech space, but potentially in any field, with workable ideas on how to tackle whatever is next, in the 2030s and beyond.



A record-breaking number of applications

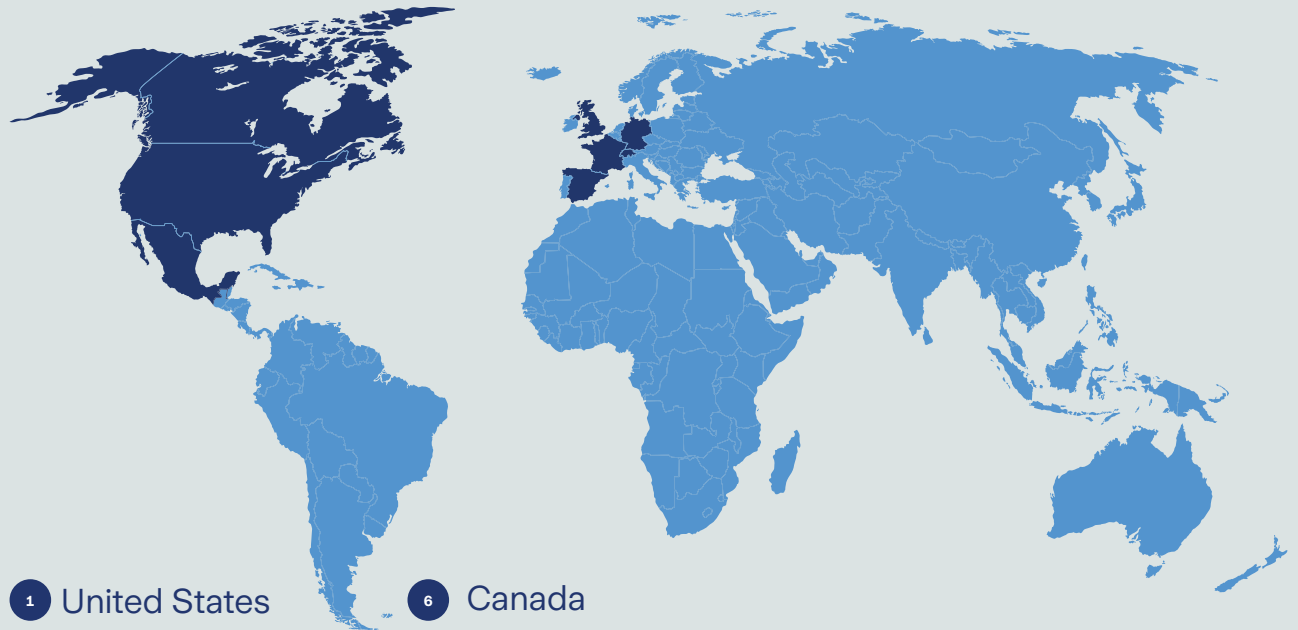
Submissions doubled compared to the previous tournament, with a total of 2,762 entries:

Submission to the Innovation Championships over the years



Top 10 National Business units submitted to

We received applications from more than 30 countries in every inhabited territory in the world, including Europe and the Middle East, North America, Latin American, and Asia Pacific.

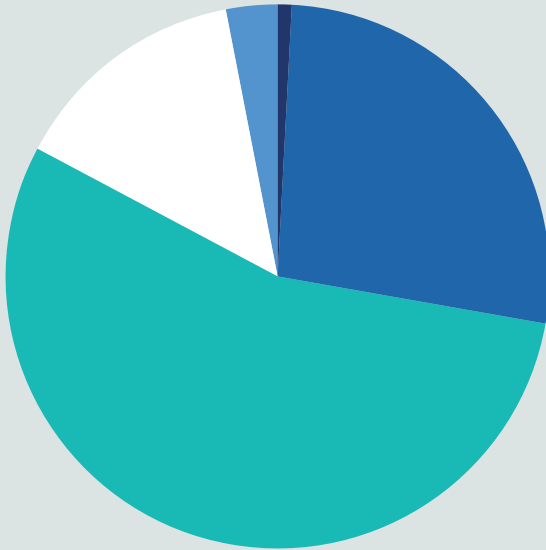


- 1 United States
- 2 United Kingdom
- 3 Switzerland
- 4 Germany
- 5 Spain
- 6 Canada
- 7 Mexico
- 8 Brasil
- 9 Singapore
- 10 France

We were not only able to attract young early-stage ventures, but some four percent of the startups who applied were within the series B and C funding stage or higher.

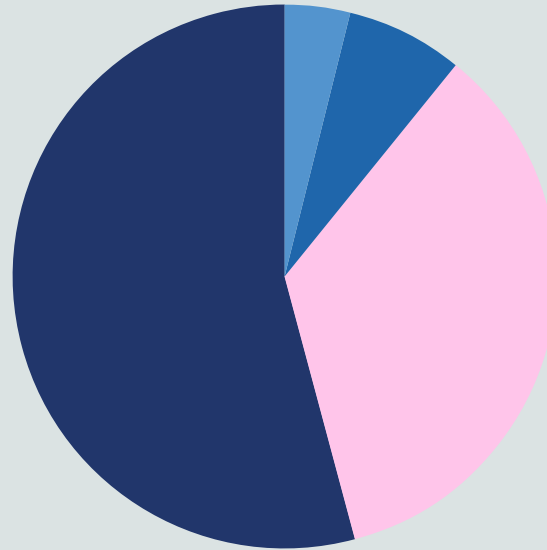
The developmental stage of the products of those who applied for the Innovation Championship showed a majority of startups at the operational stage, with most of the remaining ventures having reached the prototype or beta testing stage:

Funding Stage



- No Financing - 27%
- Seed - 55%
- Round A - 14%
- Round B - 3%
- Round C/D/E - 1%

Product Stage

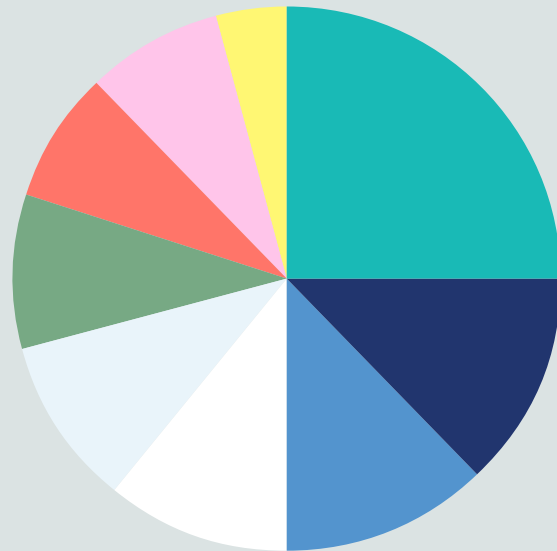


- Idea - 54%
- R&D - 35%
- Prototype/Beta Testing - 7%
- Operational/Shipping - 4%



Looking at where those products fit into the insurance value chain is interesting, with a quarter of them being customer-facing products or propositions, and fairly high percentages also focused on claims, customer management, and distribution:

Value Chain Mapping



- **Product/Proposition 25%**
- **Service 13%**
- **Claims 12%**
- **Customer Management 11%**
- **Distribution & Sales 10%**
- **Customer Onboarding 9%**
- **Marketing 8%**
- **Underwriting 8%**
- **Other 4%**

One of the most fascinating trends within the submissions was how they split according to theme:

Submissions by challenge



Submissions to the Insurance Reimagined theme were the lowest overall, but – perhaps surprisingly – it was not that much lower than the number of submissions for Simplicity or Sustainability. The notable outlier is how many more submissions there were for Prevention and Mitigation than the others, suggesting that this is the most urgent challenge and indicating that technology plays a critical role in preventing disasters from happening in the first place.

The selection process

Once submissions had closed, next came a rigorous selection process where we had to decide which of these entries would qualify as finalists.

The local business units assessed all the initiatives according to how well they answered the most urgent business challenges facing those units, as well as each initiative's potential business impact. From this, the business units whittled down the initial 2,762 submissions to 220 country finalists.

The global Zurich team then worked together with the business units to assess the finalists according to evidence of how well they fulfilled the following six criteria:



Throughout the process, those involved in selection also considered the track record and viability of each startup's leadership team, as well as the uniqueness of their product or proposition.

At the same time, when considering adoption and scale, selectors also considered the potential long-term impact of each submission in terms of its potential to transform the sector, its potential to appeal to large numbers of customers, its potential to appeal to new and emerging market segments, or its potential to transform the nature and relevance of insurance itself as a future concept.

12 Championship winners

From all these considerations and criteria, the selectors were finally able to pick 52 global finalists from the 220 country finalists, and then choose the final 12 winners, consisting of three initiatives for each strategic theme.

Prevention & Mitigation



DYNAMHEX

Salient

deedster.

Sustainability



one concern

binah.ai
Health. Care. Anywhere.

adapt ready

Insurance Reimagined



CARUSO
dataplace

Garanteasy

Keepers.AI

Simplicity



DEMOCRANCE
DEMOCRATIZING INSURANCE

LISA
insurtech

ANAGOG



How a global competition provides local value:

Key learnings from local business units that participated in the Zurich Innovation Championship



Brazil:

Collaborating on a solution to build resilience against climate risks and severe weather events (2021-22)

- **Local Zurich businesses involved:** Zurich Brazil and Zurich Santander Brazil
- **Insurtech collaborator:** Salient Predictions – a forecasting platform that analyzes global weather risks by using machine learning.
- **Key local business challenges:**
 - Seek out startups with technology that could help build resilience against the potential impacts of climate risks and severe weather events in Brazil through better forecasting
 - Enhance the startup mindset within Zurich Brazil and Zurich Santander Brazil
 - Use this as an opportunity to establish synergies and increase cooperation between Zurich Santander and Zurich in Brazil

“Being part of the Championship represented the opportunity of enhancing the startup mindset within the company, especially because we were supposed to work in a very short timeframe period and apply new methodologies and skills,” says Mariane Bottaro, Director of Strategy, Communication and Sustainability at Zurich Santander Brazil.

Zurich Santander Brazil was invited to participate in the regional stage of the innovation championship. They worked together with Zurich Brazil to set up local teams and sponsors to help put forward startup candidates and draw up a regional shortlist. Their priority? To find startups with the technology that could help counter rising climate risk.



Why did they choose to work with Salient?

Salient's proprietary forecasting approach combines decades of science developed at MIT and Woods Hole with new earth observation data and deep learning techniques, all delivered through a scalable API, with global coverage, transparent back-testing, and alerting capabilities.

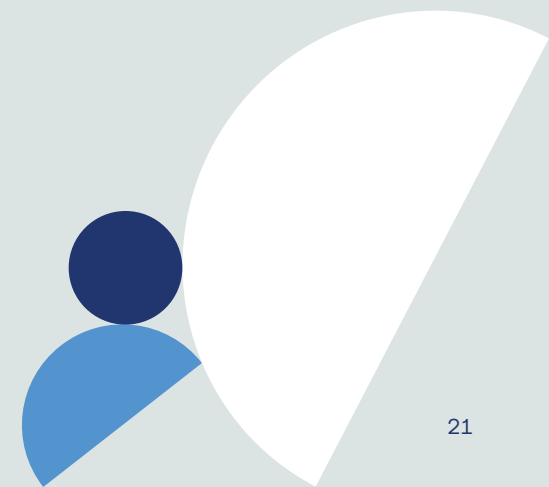
The team at Zurich Santander Brazil and Zurich Brazil felt this approach could be ideal to help them solve their climate risks challenge. "For example, they spotted the 2021 Texas freeze and tragic flooding in Germany three to four weeks in advance, while other forecasters didn't catch the signal until about a week before," Bottaro says.

What did they learn from the collaboration experience?

"We had an amazing experience of collaboration with Salient and Zurich," Bottaro adds. "It's important to emphasize we were three companies collaborating. We discovered the potential of thinking beyond insurance, adding other domain knowledge for the benefit of our customers and internal operations, especially claims settlement, risk engineering, and underwriting."

Key takeaways

- It is possible to think beyond traditional insurance, and startups can really help with this.
- It is possible to enhance the startup mindset within an incumbent company. "We were able to create two proof-of-concepts in very short period, integrating weather indicators to insurance claims data, and test the effects of different approaches of communication with people."
- It's important to stay focused if you want to innovate without being distracted by day-to-day business needs.
- It is possible to surprise customers by delivering more than they expect from their insurance company.
- It is important to share a common purpose in order to establish a truly collaborative environment. "Our case proves how important this is because we were three different companies working together."



North America:

Providing a more holistic view of risk while developing carbon advisory services (2021-22)

- **Local Zurich businesses involved:** Zurich North America
- **Insurtech collaborators:** One Concern – a SaaS platform that helps insurers to uncover and protect against emerging risks such as climate risk; Dynamhex – an emissions management platform that makes targeted recommendations on how companies can reduce their CO2 emissions
- **Key local business challenge:**
 - Seek out startups to help provide insights that create a more holistic view of risk for Zurich Resilience Solutions (ZRS) clients
 - To put in place a commercially viable carbon emission measurement and goal setting tool to customers as part of ZRS's nascent Carbon Advisory Services

David Edsey, ZNA Climate Director for Technical Underwriting, was involved in interviewing the startup candidates in the sustainability category and feeding back to the Innovation Championship. Once Dynamhex was selected as one of the global winners, he was nominated to work with the company through the accelerator and beyond through to adoption.

Zurich Resilience Solutions has been working with One Concern, one of the winners of the Zurich Innovation Championship, from the beginning of the accelerator phase of the Championship to its current, ongoing collaboration. “Together, we are shaping out both how can Zurich’s expertise and insights can help One Concern, and how One Concern’s product can add fresh insight to interdependency risk related services for Zurich,” says Lisa Dutkanych, Head of Strategy & Business Planning, VP at Zurich North America.



Why did they choose to work with One Concern and Dynamhex?

“Zurich Resilience Solutions is always striving to help customers become more resilient, and One Concern’s digital infrastructure for global physical risk insight helps customers understand the complete picture,” Dutkanych says.

“Dynamhex had built a digital platform that was unique in economically measuring companies’ carbon emissions, setting goals on lowering their emissions, and providing clickable solutions to reduce their emissions,” Edsey says.

What did they learn from the collaboration experience?

“Collaborating with One Concern has brought new, fresh ideas to how customers may have traditionally viewed interdependency and infrastructure risk, which is well needed in today’s constantly evolving risk landscape,” says Tom Fioretti, Chief Risk Engineering officer at Zurich North America.

“Dynamhex had not worked with the insurance industry before, and ZRS had not been involved in greenhouse gas consulting, so we had a lot to learn from each other,” Edsey says. “Once they understood our customer base and business and we understood their business model, we were able to structure a competitive service offering. The work was challenging but the Dynamhex team was very responsive to our requests and enthused to partner with us.”

Key takeaways

- The interconnectedness of today’s world requires risk engineering insight at a holistic level.
- Just because a startup has an attractive product or service, it does not necessarily follow that their product or service fulfils a business need. The Innovation Championship winners got there off the back of a well-articulated Zurich business use case.
- The work of adopting an initiative continues well after the accelerator stage of the process.



Germany:

How to compete in a highly competitive and rapidly changing motor market (2021-22)

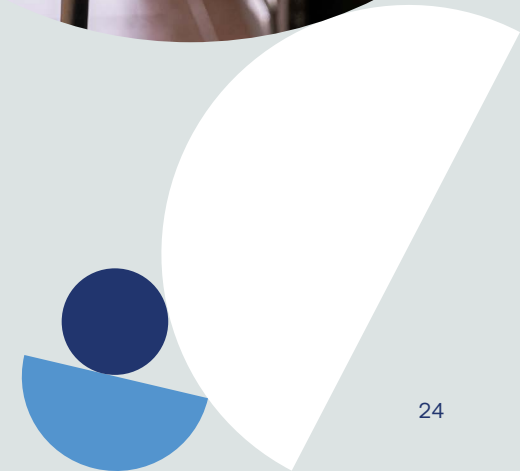
- **Local Zurich businesses involved:** Zurich Germany
- **Insurtech collaborators:** Caruso – a platform that offers access to standardized data from connected vehicles in a neutral, open, and secure mobility data marketplace; Anagog – an AI-driven marketing personalization tool that engages users while keeping consumers' data private.
- **Key local business challenge:**
 - Seek out startups to help meet customer demand for personalization, such as usage-based pricing, flexible cover, and on-demand services
 - Provide key points of differentiation at all points of the customer journey

“In a highly competitive and rapidly changing motor market, we saw a need for an end-to-end, genuinely customer-centric and data-driven value proposition for future motor business that is profitable while also improving customer experience and retention,” says Monika Schulze, Head of Customer and Innovation Management at Zurich Germany. “This was what we were looking for when selecting startups during the Innovation Championship.”

Why did they choose to work with Caruso and Anagog?

“Caruso enables us to get access to multiple vehicle manufacturer data across Europe and combines it with deep industry knowledge,” Schulze says.

They chose Anagog because of the company's unique technology to create positive data-driven touchpoints with customers “without neglecting data privacy.”



What did they learn from the collaboration experience?

“In general, the new ways of thinking and ‘from strategy into action’ mode is more pronounced in startups and that was really impressive,” says Tom Simon, Head of Innovation Management.

“Caruso challenged us to improve our technical interfaces for collaborating with data-driven mobility startups. Their profound technology knowledge and passion for connected car data was impressive, and they were also very hands-on and willing to show their capabilities – passionate and open.”

Key takeaways

- When the solution solves a Zurich problem, the onboarding and scaling process can go really fast and the commitment is huge.
- The spirit, passion and flexibility of the startups was very inspiring.
- We still need to improve our digital capabilities. “However, we also see that Zurich is more future proof than we sometimes think.”



Australia:

Helping customers with diabetes to manage their condition 24/7 (2020-21)

- **Local Zurich businesses involved:** LiveWell by Zurich and Zurich Australia's life insurance business
- **Insurtech collaborator:** Pops – a diabetes management system including an AI virtual coach
- **Key local business challenge:**
 - Seek out startups to solve some of Zurich Australia's life insurance customer friction points and find new ways to put customers at the heart of what they do
 - Help to differentiate their offering from that of competitors

“The Innovation Championship has given Zurich Australia a terrific chance to collaborate with the start-up community to source new ideas to strengthen our proposition and provide new ways to put our customers at the heart of what we do,” says Mark Powl, Senior Manager, LiveWell and Rewards.

As the strategy and innovation manager for Zurich's Australia's life insurance business at the time of the 2nd edition of the Innovation Championship, Powl worked together with his colleagues in Australia to seek out startups that would solve some of their local customer friction points, and then to coordinate with their global colleagues.

Why did they choose to work with Pops?

“Pops was the clear winner from the Australian round of pitching,” Powl says. “Their innovation couples an mHealth device attached to a smartphone with a virtual health coach app, making the management of diabetes discreet and easy.”

Pops offered Zurich Australia the opportunity to be the first insurer in the Australian market using an mHealth device and a digital health coach, which would strengthen their customer proposition with something unique that could produce better health outcomes for diabetes customers.



What did they learn from the collaboration experience?

“I have learned so much and it’s been a blast,” Powl says. “I consider Lonny Stormo, the CEO of Pops like a work colleague and a friend now. We have worked together or at least touched base on this initiative every fortnight for around 12 to 18 months to make this happen and to launch Pops to our customers. We have managed to create a very good operating rhythm and deliver at speed. Even when the pilot needs adjustment we’ve been able to resolve that and turn it around quickly.”

What’s next for the initiative?

“We’re focusing on getting more users on-boarded,” Prowl says. “Once the pilot is successful, next steps could be to include a diabetes module within the LiveWell platform, as well as potentially including it as part of our underwriting service for customers for the first 6 to 12 months of their policy.”

Key takeaways

- Customers are extremely engaged with the product and eager to give feedback, which had really helped with testing and learning.
- The initiative has received strong and consistent support from all the Zurich team in Australia, and that has been one of the reasons for its success to date.
- There is always more to learn, even after go-live. It is an ever-evolving experience and you need to make adjustments constantly as you go and as you continue to learn.

Find out more



The validation process

From the moment the winners of the global selection phase are chosen, the idea that was pitched is transformed into an initiative that consists of the respective startup and a Zurich team working and starting the validation process together. That Zurich team is comprised of a team leader – often drawn from the Group Leadership Team – a project manager, an IT engineer and a marketer.

This collaborative team gathers all the evidence they have and develop minimum viable products to test for irrefutable proof of the desirability, feasibility, and viability of a product or proposition in the marketplace.

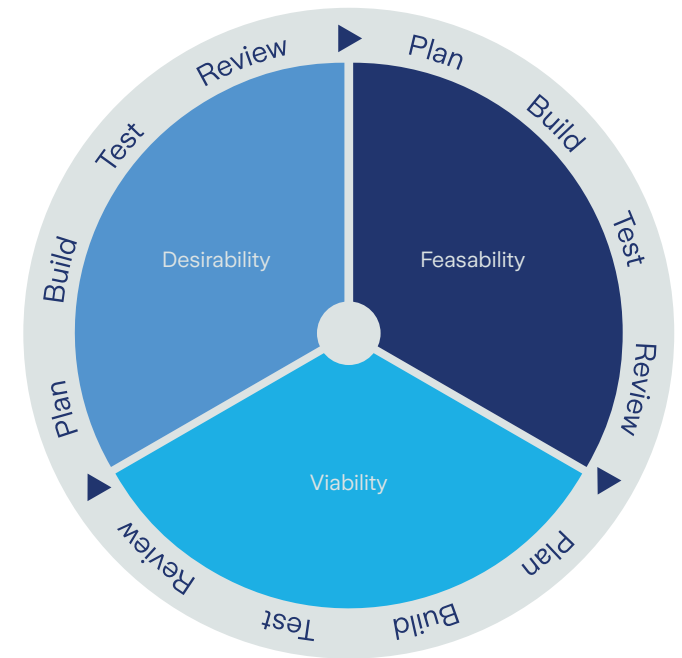
In the past, as part of Zurich's innovation strategy, validating startup initiatives could take up to one or even two years before moving into adoption. Now, thanks to the experiences gathered during the first two editions of the tournament, we've developed our open innovation management process that has drastically reduced the validation period from years to weeks – an average of only three months.

The key to more rapid validation is the change in the type of evidence being used. In the past, many companies would rely on weaker evidence, such as business cases, customer interviews, or market surveys. An example of stronger, more irrefutable proof would be something like simulated sales. When trying to predict future customer behavior with confidence, simulating sales offers much stronger evidence than a survey.

For one initiative, we wanted to prove whether customers would value the concept of the service being developed. Upon testing this hypothesis by carrying out a large-scale survey comprising 25,000 data points which proved the market demand was there, we went ahead.

Across several initiatives, we tested multiple hypotheses in a similar fashion. Doing so proved the practical benefits of evidence-driven validation, which provides the basis for why the Innovation Championship offers a framework for repeatable collaboration.

Our validation framework: the Innovation



We iterate continuously around hypotheses to find success that is underpinned by irrefutable evidence.



Adoption

To take the step from validation to adoption, the initiatives had to pass through a rigorous series of tests, looking for strong and irrefutable evidence of product-market fit.

Having been validated, the initiatives enter implementation mode and start bringing solutions to reality, with a clear roadmap to scalability. Once in the implementation phase, startup leadership teams take part in workshops and discussion sessions with us to support their implementation and develop the scalability roadmap.



Part 3

150 Years and Counting: Future Proofing Zurich

Key learnings from local business
units that participated in the
Zurich Innovation Championship



Key learnings from the third edition of Zurich Innovation Championship

With each year of the Innovation Championship, we have gained more insights to take forward to the next edition, thereby continuously evolving and improving each Championship. This year's edition was no different. Through it, we gained three key insights to take forward into the future.



Insight #1:

One size does not fit all

There is a difference in how initiatives should be built and validated, depending on what funding stage the startup is at and the maturity of the business unit they're working with.

Take the example of a very young startup at the seed funding stage which collaborates with the UK business unit. Although the startup may lack experience, the UK is very advanced at collaborating on initiatives of this sort, so that initiative requires less oversight or guidance.

A contrary example might be a startup at series C stage or beyond working with a business unit that lacks experience of Zurich's type of innovation management. An initiative based on this collaboration would likely need more guidance than the UK-based initiative, but still not a huge amount, because the startup is able to drive the initiative much more.

In the case of a very experienced startup collaborating on an initiative with a very experienced business unit, that initiative would need the least amount of guidance of all. However, in the case of a very young seed stage startup working with a less experienced business unit, that would need a fairly large amount of guidance and oversight from Zurich at the global level in order to give that initiative a better chance of success.

In practical terms, this would typically mean more guidance at the validation stage, as well as more global input at the selection stage. Overall, the key learning here is that the program needs more flexibility because different initiatives will require more direct support and guidance than others. It really depends on the combined maturity of each initiative individually.

Insight #2:

Improving the matchmaking

As mentioned previously, ever since the inaugural Innovation Championship in 2018, we have been continuously improving the matchmaking aspect of the selection process. This is as true of the third edition as it was of the first and second editions.

As a result of those first and second editions, the selection process evolved to be much more globally coordinated at the later stage of selection and during validation – the accelerator phase. This was deliberate, in order to give the global team a more proactive matchmaking role.

In the third edition, it became evident that there were still elements of the matchmaking process that we can fine tune even further, and we will be incorporating this insight into plans for the fourth edition.

Insight #3:

Adding more global subject matter experts to support the business units

One of the key insights we gained from the second edition of the Innovation Championship was the great value that could be added by building a team of global internal subject matter experts to support initiatives during the accelerator. In a similar vein, one of the key learnings from this year's edition has been the opportunity we still have to add even more skilled, high-profile talents and fresh minds to the accelerator drawn from across the global talent pool of Zurich.

Identifying the right subject matter experts and matching them to the most appropriate initiatives would help further accelerate that initiative, add more value, and help it to start making a business impact more quickly.

Assessing the pool of internal experts we have not yet applied to the Innovation Championship – and seeing how we can leverage their skills during the validation and adoption stages of the process – will help to improve its impact even further.



Insurance and insurtech are here for good: Rethinking our customers' future



Technology has brought us closer to our customers

“In uncertain times like these, we must step up as an industry and as people. Technology is part of our lives, and is vital in transforming the industry. Insurtech plays a critical role in the industry and not all insurtechs are created equal; many are not necessarily challengers but rather aspire to be part of the value chain and part of the transformation journey. We love working with insurtech. New digital capabilities create new opportunities for the industry to help customers better managing risk and prevent issues from happening in the first place. We are here for good. We are here to help our customers to live better and our business clients to be stronger.”

Ericson Chan – Chief Information & Digital Officer

The impact of artificial intelligence, blockchain, cloud, and big data brought about Insurance 2.0. Building on these foundations and accelerated by the unprecedented change of the last few years, Zurich is already looking ahead at Insurance 3.0. Insurers are no longer just mulling over the opportunities behind the technology – they are beginning to actively embed it in every part of their value chain to be truly data-driven, technology-driven, and future-proofed.

Travel insurance is a key example. Customers can now tailor their travel protection as they go, ensuring that they pay only for the coverage they need on the days they need it. Or they can add cover to their plan at the last minute. Because Zurich knows that most accidents during vacations happen on the back of motorbikes, we also offer an app via Cover-More, Zurich's global travel insurance and travel assistance provider, that will alert customers and offer to activate protection for them on-the-go.

The future of insurance is about going beyond peace of mind, to the point of addressing customers' unmet needs – those they don't even know they have. It means going beyond providing roadside assistance, to offering a designated driver service to get customers home safely. Going beyond offering information on the nearest EV charging station, to allowing customers to book it before they get there so they can be sure it's available.



Addressing unmet needs is where startups can help. Some insurtechs will help improve the customer experience. Others will help make claims processing more efficient. Still others can help improve underwriting processes. These fast-moving entrepreneurial companies cover every part of the insurance value chain and it is this vibrancy and variety within the startup world that is inspiring.

If we want a short, concise answer as to why collaboration is one way forward for the future of insurance, it stems from a few very simple yet meaningful words. Words such as collaborative, responsive, and enthused – all things that Zurich have observed through our global startup program. Insurtechs are here to stay because they're driven to uncover society's many evolving needs in an agile and innovative manner.

As a global insurer, Zurich is constantly striving to improve its products and services. It's the same with the Zurich Innovation Championship. As with any successful recipe, you can always tweak the ingredients and add new ones in search of perfection. To fine-tune the next edition of the Innovation Championship, Zurich will select different use cases to make sure that insurtechs are focusing on the areas where it sees the most opportunity. Zurich will further tailor the collaboration approach depending on the maturity of the startup and pay even more attention to adoption and scaling.

Despite the fact that technological advances have brought Zurich closer to its insurance customers today than ever before, there remains more that can be done to help more customers and more businesses in multiple ways. Collaboration is a very powerful tool for achieving that. It is our hope that this insight report has shone a spotlight not only on how but why this is the case, and why we as a company remain committed to this approach to take us forward into whatever the future may bring.





Let's get in touch:

www.zurich.com/zic

innovation@zurich.com

Zurich Insurance Group Ltd
Quai Campus
Corporate Center
Mythenquai 2
8002 Zurich
Switzerland

Disclaimer:

This whitepaper has been prepared by Zurich Insurance Group Ltd and the opinions expressed therein are those of Zurich Insurance Group Ltd as of the date of writing and are subject to change without notice.

This whitepaper has been produced solely for informational purposes. All information contained in this whitepaper have been compiled and obtained from sources believed to be reliable and credible but no representation or warranty, express or implied, is made by Zurich Insurance Group Ltd or any of its subsidiaries (the 'Group') as to their accuracy or completeness.

This whitepaper is not intended to be legal, underwriting, financial, investment or any other type of professional advice. The Group disclaims any and all liability whatsoever resulting from the use of or reliance upon this publication. Certain statements in this publication are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans, developments or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by numerous unforeseeable factors.

The subject matter of this whitepaper is also not tied to any specific insurance product nor will it ensure coverage under any insurance policy.

This whitepaper may not be distributed or reproduced either in whole, or in part on other communication channels, without prior written permission of Zurich Insurance Group Ltd, Mythenquai 2, 8002 Zurich, Switzerland. Neither Zurich Insurance Group Ltd nor any of its subsidiaries accept liability for any loss arising from the use or distribution of this whitepaper.