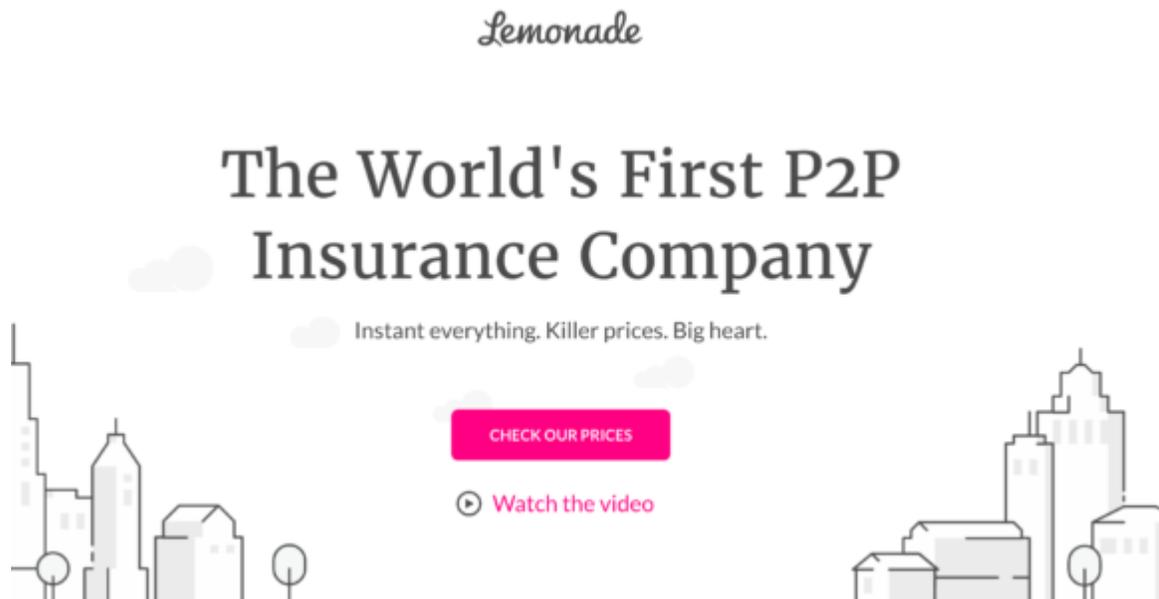


Startup P2P Insurer Lemonade Reveals How First 48 Hours of Business Went

By Andrew G. Simpson | October 10, 2016

<http://www.insurancejournal.com/news/national/2016/10/10/428750.htm>



Lemonade, the peer-to-peer insurtech startup that launched only a few weeks ago on Sept. 21 selling renters and homeowners insurance in New York, sold 142 policies and generated \$14,300 in gross written premium in its first 48 hours.

In an unusual move for an insurer, or any company, Lemonade revealed the early numbers in a message from co-founder Shai Wininger. Wininger said the move is in keeping with the firm's commitment to transparency and honesty.

"What we're about to do here doesn't come easy. But I'll do it anyway," Wininger wrote before sharing the results.

The public data show that more than 36,000 people from around the globe visited the site in the first 48 hours. Most were from outside New York, which is the only place Lemonade is currently selling. However, about 4,570 were from New York and 14.8 percent of the visitors from New York who asked for a quote ended up buying.

Nearly 15% of visitors from New York who asked for a quote ended up buying.

In its first two days, the insurer sold 142 policies. The average renters policy gross premium sold in the first 48 hours was \$86.25 (\$7.1 per month), the average condo premium was \$528 (\$44 per month) and homeowners \$691 (\$57 per month).

Wininger said that in the past two weeks, Lemonade's average homeowners policy has grown to \$1,120 (\$93 per month).

The site has a feature it calls “switching” that allows users to cancel other policies they may have, obtain a refund, and buy a new policy from Lemonade with a click of a button. The preliminary data shows that its new customers came from State Farm, Allstate, GEICO, Liberty Mutual and other traditional insurers.

As expected, Lemonade appeals to younger customers, with 43 percent of visitors ages 25-34 and 29 percent ages 35-44. More men than women visited. But a surprising percentage (seven percent) of visitors were older, 55 years and up.

Nearly 2,000 people downloaded Lemonade’s app.

Unlike many other insurtech startups that are process solutions or rely on traditional insurers to bear the risk, Lemonade is itself a licensed insurer. Lemonade’s license was approved on Sept. 15—only days before it launched.

Daniel Schreiber, CEO and co-founder along with Wininger, speaking at last week’s InsureTech Connect Conference in Las Vegas, said he wasn’t sure if the licensing would be approved in time. Waiting for it was nerve-racking. “It came through at the last minute,” he told the audience. “What a relief.”

Schreiber said that Lemonade went the more difficult route of becoming an insurer because it ultimately wants to be a vertically integrated company that is free of the legacy issues that traditional insurers have and is not dependent upon any of the existing players in the insurance value chain.

Just “sprinkling pixie dust on top” of an existing insurance company or system would not produce the change he and Lemonade’s founders are trying to achieve, he said.

Lemonade’s founders believe the current insurance system is “antagonistic” and “annoying” —as its own behavioral scientist claims in a promotional video. They have promised to reinvent the insurance business model and make the process of buying it much nicer and easier for consumers.

Lemonade attracted \$13 million in seed funding from outfits including California’s Sequoia Capital and Aleph, a venture capital firm that typically partners with Israeli entrepreneurs.

A peer-to-peer, or P2P insurer, invites users to form small groups of policyholders who pay premiums into a pool to pay claims, but members get any leftover funds at the end of the policy period. Lemonade says it will donate any leftover funds, or underwriting profit, each year on customers’ behalf to a cause of their choice. Lemonade Inc. is a public benefit corporation that promises that social impact is part of its business model.

Entrepreneurs Schreiber and Wininger (who is also company president) have attracted veteran insurance executives from AIG and ACE for Lemonade’s executive team. Among them: Lemonade Chief Insurance Officer Ty Sagalow, a veteran executive from American International Group.

Everest Re, Hiscox, Lloyd’s of London, XL Catlin and Berkshire Hathaway’s National Indemnity are among Lemonade’s global reinsurance partners.