

Insurtech: 5 Questions, More Profit

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Decisions you make when founding and/or investing in an insurtech venture can dictate your regulatory obligations, tax liability, operational structure and, ultimately, profitability. Here are five seemingly simple questions to ask when launching an insurtech venture:

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1. What will your venture be?

Determining how you want to operate and what insurtech product you'll offer is one of your first key strategic decisions. Are you a producer? A captive? A managing general agent? A consultant? Your selection will dictate how you operate and the specific responsibilities and legal obligations applicable to you and your operations.

2. Where will you operate?

Whether you operate domestically or internationally, each state or country will require compliance with a distinct set of regulations and procurement of specific licenses. You need to be aware of the regulatory tripwires, how best to avoid them, and the fines and sanctions that often come with regulatory violations.

3. How can you maximize profitability of your business?

There often are opportunities to increase the profitability of your business by leveraging revenue streams allowed under the insurance regulatory framework. Strategic considerations during the product development phase — such as application of commissions and fees — can have a significant positive impact on your business plan and return on investment.

4. Who are the key players to connect to your venture?

Are there industry connections your entity needs as partners or advisors? (Check out <https://coverager.com> or <https://www.cbinsights.com/newsletter> for the best industry knowledge.) What about connections to capital? As you meet with insurers, potential investors, or partners are your ideas protected? How do you avoid tying your hands by entering into exclusivity agreements? Connecting with key partners — in the right way — can optimize your product while guarding your intellectual property.

5. What are my obligations regarding protection of data and privacy?

If you will be collecting confidential and/or personal data from customers, you must ensure compliance with the privacy laws of all jurisdictions in which you operate. You also must institute adequate systems and procedures to protect against cyberattacks.

Whether you are a VC or startup, these key considerations point out the strategic advantages of bringing together business and legal thinking to insurtech product design.

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You've got an impressive new idea: an innovation that will improve lives or help businesses work smarter. You're ready to create a company, line up investors, launch R&D, and protect your inventions... and you need sound answers to about a thousand questions. We've been there, and we want to help. Mintz Levin has a long track record — and an absolute passion — for helping entrepreneurs launch new businesses. We've worked for decades with early-stage companies, and

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