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Hippo Insurance's CEO Looks Back on 'A Banner Year'

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by *Maryanne Sherman*

Hippo Insurance was founded in 2015, started selling homeowners insurance policies online in 2017, and in October 2018, during its first policy year, faced one of the worst wildfire seasons in California history. In the aftermath of the destruction, *Carrier Management* asked the startup home insurer's CEO and co-founder Assaf Wand how the company and its insureds fared.

"Rather than waiting for claims to emerge, we monitored the homes we covered in California," Wand said. "We implemented active maps, artificial intelligence technology and partnered with aerial imagery providers to leverage unique data sources that allowed us to identify all of our policyholders living in fire watch areas. We then contacted them personally to ask if they needed help securing alternative accommodations for themselves and their pets, as their properties quickly became active fire areas. Before they reached out to us, we were able to preemptively file claims for 80 percent of our customers."

Hippo is approaching home insurance differently, with an eye toward proactively protecting customers and their homes. This approach has been a key to the company's success. Last year the company was able to raise \$70 million in a new round of funding to accelerate the company's growth and continue transforming the homeowners insurance business. According to Wand, "We have the right team in place and are putting more fuel in the engine as a result of the \$70 million in funding from last fall. Now, it's about expanding our footprint, enhancing the core offering and deepening the bench."

What's been the reaction to Hippo's redesigned homeowners insurance?

Hippo's coverages are based on a completely redesigned home insurance policy. The online application process is simple. The applicant needs to answer five questions: what the address is, what type of home, who lives in the home, whose name will be on the policy, and which suggested discounts apply. The information that is normally required when applying for home insurance—when the house was built, the square footage, roof type, age of the roof, number of family units in the building and dozens of other questions—are already answered by trusted data sources like Zillow. Thanks to the automated process and modern coverage in the policies, Hippo can offer savings up to 25 percent off traditional providers.



Assaf Wand has an eclectic background. He is fond of saying he was "born into insurance," as his father worked in the insurance business. Prior to Hippo, Wand was founder and CEO of Sabi, a health and lifestyle company that was sold in 2015; a consultant with McKinsey & Company; an investor with Intel Capital. He has an MBA from the University of Chicago and a BA in finance, an LLB in Law from the IDC Herzliya in Israel. He also served five years in the Israeli military.

“What intrigued me most about home insurance is that more than 64 percent of American homeowners are underinsured,” Wand said. “Buying a home is probably the most expensive purchase any American will make in their lifetime. Being underinsured for something that important is just plain crazy. We built an underwriting process that works at the speed of light and helps us calculate coverage needs for our customers annually, so they’re never left underinsured.”

Hippo provides enhanced coverage on items people care about most today, such as computers and home offices. In addition, coverage has been expanded to include damage to service lines (water, sewage), water backup, breakdown of expensive home equipment like boilers and HVAC, domestic workers’ coverage, jewelry and watch coverage. The company also offers discounts for home security, smart home sensors, storm shutters, sprinkler systems and hail-resistant roofs, amongst other things.

Most of the claims in 2018 were the result of water (37 percent) and hail and wind damage (17 percent). As a result, the company proactively responded by arming new Hippo customers in qualifying states with a complimentary Smart Home Monitoring Kit when they sign up for an insurance policy. The kit’s sensor alerts customers to potential in-home accidents, like water leaks, smoke alarms or open windows before they can create significant damage. And the Smart Home Kit qualifies homeowners for a smart home discount on their premiums.



Hippo co-founders Assaf Wand and Eyal Navon

to call the claims department. From there, you’re assigned a claims concierge who manages the claim as the single point of contact and proactively updates the customer.

One of InsurTech’s promises is to modernize and automate unnecessary processes. Wand thinks that Hippo’s business and product are poised to lead the way in home insurance in 2019 and beyond.

What’s Up Next?

2018 was a banner year for Hippo. The company expanded into 11 new states, saw its sales grow 25 percent month-over-month in 2018, and by year end, they were insuring more than \$50 billion in property values. In keeping with Hippo’s mission to expand coverage and help homeowners mitigate risks, Hippo made over 800 new product updates in 2018—more than two per day.

Wand said that people don’t buy insurance products because of chatbots or AI, they buy insurance products online because the overall experience is noticeably different. When they need to speak with a human—like the situation in California during the wildfires—they want to know there’s someone there to talk with. It’s all about the customer, he said. That’s why Hippo’s claims process is all offline. To file a claim with Hippo, you need