



Marshmallow specialises in car insurance for those who lack consistent history | Photo source [A. L. on Unsplash](#)

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## INSURANCE STARTUP IDENTIFIES UNDERSERVED CUSTOMERS

 FINANCIAL SERVICES

### An insurance provider is developing more nimble algorithms that allow it to better identify risk in underserved groups

**Spotted:** Insurance dates back to ancient times and today it is possible to insure almost anything. As many people have found when trying to buy car insurance, however, does not necessarily translate into affordable. In fact, insurance companies use complex algorithms to determine who is – and is not – a good insurance risk. For those who fall outside the profile of a typical good risk, insurance can be hard to get and expensive. This is something that UK insurance startup Marshmallow hopes to change.

Marshmallow specifically targets underserved segments of the insurance market, using tools and analytics that focus on customers that traditional insurers struggle with. The company began in 2018 by insuring ex-pat drivers, who often struggle to find affordable insurance because they lack a UK driving record. In response, Marshmallow built an assessment algorithm that included global data, to take into account the drivers' record in their home country.

However, the company is now working to develop new analytics that can help provide insurance to other underserved groups, such as younger drivers, those with poor credit scores, or people who may not have consistent records in the UK. The approach is beginning to gain a fair amount of attention: Marshmallow raised \$30 (€25.4) million in a recent funding round and is now valued at around \$310 (€262.6) million.

Oliver Kent-Braham, the co-founder and CEO of Marshmallow, [explained](#) the company's approach: "We still provide car insurance to expats, but we now also offer insurance to people between the age of 21-50 with a focus on providing a great price and experience for people who have a

fragmented address and credit history, and less affluent people with lower credit scores. Both these customer groups get charged more by the traditional insurance industry.”

Insurance is a huge industry, with global premiums reaching €4.71 trillion in 2019. Given this, it is not surprising that tech entrepreneurs and investors are starting to set their sights on creating innovation in what many see as an unfair market. Springwise has seen a few other potentially disruptive innovations in the insurance industry, including a [peer-to-peer](#) insurance provider that donates to charity and a travel insurance app that uses geolocation to offer [automatic coverage](#).

Written By: Lisa Magloff

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16th November 2020

Website: [marshmallow.com](http://marshmallow.com)

### **Takeaway:**

Marshmallow’s founders Oliver and Alexander Kent-Braham are black, tech entrepreneur, twin brothers, who therefore know quite a bit about the difficulties faced by those who don’t fit into pigeonholes: [in the US and EU, only around 1 per cent of tech founders identify as black](#). The company also operates entirely online, using a simple mobile and web interface which is easy to access and navigate. The company is planning to continue its expansion with moves into other countries and other types of insurance, focusing on increasing the diversity of those it covers.