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# Ty Sagalow: Redefining the Insurance Industry

Innovation Insurance Group, LLC is a premier consulting firm to the insurance industry. Recently, we sat down with Ty Sagalow, our Insurtech/Fintech Consultant of the Year.

**T**y, congratulations on being named AI's Insurtech/Fintech Consultant of the Year. I must start off by saying I'm intrigued and interested. You're described as an insurance veteran. But I think that with respect to your work in insurtech, it's more appropriate to call you a spring chicken.

Thank-you for this prestigious award. In terms being an Insurtech veteran, I think it's right that there are not any insurance veterans when it comes to insurtech. It's really been around as an industry only since 2015, so that's only two years ago as of today. In terms of the traditional insurance industry, while I've been around for 35 years, the insurance industry has been around for several hundred years, so perhaps it would be incorrect to call any living human being an insurance veteran.

**You worked for significant insurance incumbents before you joined start-ups like Lemonade and more recently Premonition. What made you decide, what was the decision process for you to leave that traditional model behind and go with start-ups?**

I built my entire career, and it was about 33 years in the traditional insurance industry, around innovation. I saw that there was a need to be creative in the insurance industry. Since there aren't too many folks in the insurance industry that have that as a goal, it was a nice foundation for a career because you always try to choose something that very few other people are doing. I was very happy doing that, and did some very, very cool things like create Y2K insurance and cyber insurance. At the time, I thought that was about as cool as the insurance industry can be.

**“Eventually, I realized that true disruptive innovation can only come from outside the traditional insurance industry.”**

Eventually, I realized that true disruptive innovation can only come from outside the traditional insurance industry. This is not just true of insurance. It is true of all industries. True disruptive innovation has to come from outside the industry itself. So, after 33 years in traditional insurance companies like AIG, where I was for 25 years, and Zurich, I went out on my own creating my own consulting company, really in search for disruptive innovation. I had no idea whether I would find it, and if I did find it I had no idea where I'd might end up.

**So here you are with an industry that's fundamentally flawed in many ways. You've had a 33-year career. What took you to Lemonade? How did you find that project?**

Well, actually, Lemonade found me, which was really cool. Every day I would get phone calls from entrepreneurs that want to do something fascinating and they need an insurance product but the insurance product that they need doesn't exist. Eventually they come to me and I create something new. So, it was on a day like any other where I got a phone call from an entrepreneur. He had a nice British so a little bit different than most folks that would call me in New York, and he wanted to meet me to talk to me about this new idea. He only knew three things at the time: he wanted to create a company called Lemonade, it would have something to do with the insurance industry, and it would some way be able to give back to the community. His name is Daniel Schreiber, one of the most brilliant people I know, a great executive, and eventually learned something about insurance, but in that first meeting he knew nothing about insurance.

I met with him and his co-founder, Shai Winger, the CEO of Fiverr and probably one of the world's greatest software coders and technology CEOs. We started with a name on the wall, Lemonade, and then after three days we brainstormed what type of insurance company it could be. They were kind enough to ask me afterwards to stick around and be the chief insurance officer of Lemonade and the CEO of Lemonade Insurance Company. It was a tremendous adventure. Lemonade quickly become the leader in the insurtech space growing to capture 1% of the NY renters market, for example, in nine months. It has been called the “Uber of Insurance” and issued over 100,000 policies in its first full year of operations.

**Amazing. Your time with Lemonade ended in July of this year?**

Correct. On July 1st of this year I transitioned off of Lemonade, having done the job I was hired to do. With underwriting, claims, finance, legal functions established, company licenses in over 22 States and binding over 5,000 new policies every week, I was off to my next adventure.

**Which landed where? Premonition I think is the name of the next company you got involved in?**

Yes. I am so excited about my affiliation with Premonition. In July I started looking for the next Lemonade by what I mean is the next company that would severely disrupt the insurance industry.

## INSURTECH ADVISOR AND SENIOR EXECUTIVE

Ty Sagalow is an executive and advisor to the InsurTech industry. A founding member of founding Chief Insurance Officer of Lemonade, Mr. Sagalow acts as Chief Insurance Officer or Advisory Board Member for several InsurTech companies including Premonition, Metaiota, Assurely and others.

Founded in 2015, Lemonade is the first licensed and regulated InsureTech insurance company in the United States. Lemonade offers homeowners and renters insurance powered by artificial intelligence and behavioral economics. Launched in September 2016 in New York, Lemonade Insurance Company is operating in 8 states and licensed in 25 representing over 65% of the US population. Lemonade has been called the "Uber of Insurance."

Prior to InsurTech, Mr. Sagalow was a globally recognized senior insurance executive veteran. Most of Ty's career was spent at AIG where over a 25 year period he held various positions including Chief Underwriting Officer and General Counsel of AIG Executive Liability (D&O, E&O), Chief Operating Officer of AIG eBusiness Risk Solutions (Cyber insurance) and President of AIG Product Development. Following AIG, Mr. Sagalow was Chief Innovation Officer of Zurich North American and Chief Innovation Officer of Tower Group. Immediately prior to Lemonade, Ty founded Innovation Insurance Group, LLC, a premier consulting firm to the insurance industry.

Mr. Sagalow is considered on the world's experts in innovation in the insurance industry having been credited with creating various insurance products including Y2k Insurance, (Entity Cover) Directors and Officers Insurance, Cyber insurance, Reputation Insurance, Collectible Authenticity Insurance and Intellectual Property Collateral Insurance. He is also the host of the series Innovations in Insurance With Ty Sagalow and What's New in Insurance, both produced by World Risk and Insurance News.

Mr. Sagalow is a frequent author and speaker. His works include @Risk: Internet and E-Commerce Insurance and Reinsurance Legal Issues and Directors & Officers Insurance Handbook.

Mr. Sagalow has appeared on CNBC, WPIX-TV, FOX, PBS and Bloomberg Radio, and he has spoken before various tech, legal and insurance forums on issues including the White House, Department of Homeland Security, and Congress. For the past two years, Mr. Sagalow has been a frequent speaker on InsureTech issues and insurance innovation.

Mr. Sagalow is a cum laude graduate of Georgetown University Law Center and holds a LLM (Master of Laws) from New York University Law School



You know, the co-founders of Premonition found me in much of the way that Lemonade found me. They began talking to me about an area of insurance which had long bothered me, the lack of a scientific method in managing and choosing outside counsel.

### Tell us a little about what Premonition does?

Premonition has two fundamental value propositions. First, it has the largest litigation database. 87% of all cases in the United States and in many other countries as well are in this database, which includes the judge, the plaintiff's attorney, the defendant's attorney, the venue, the duration of the case and the type of case. Simply put, it has more data than all of the competitors combined, really phenomenal.

The second value proposition is its artificial intelligence. It is the algorithm that takes this massive database and

calculates "win rates", which attorneys against which attorneys in which courthouses against which judges, in which types of cases are more likely to win. It is the Moneyball method of outside counsel selection based on data not instinct.

**I see a connection between Lemonade and Premonition is that they're both working with how artificial intelligence and transparency are transforming the space. Did you see that when you landed on Premonition? Did you see the connection?**

Not right away but eventually I did. I think one of the drivers toward Premonition is the fact that it shares a couple of fundamental characteristics with Lemonade. Both companies are based on using artificial intelligence to create transparency in the insurance industry. In many ways Premonition takes a step

further than Lemonade by shining a light on an area where there was no light, which is how do you logically select and manage your outside counsel based on how likely they are to achieve lower settlement and judgment costs? Indeed, using Premonition, you can lower not just your expense ratio but more importantly your loss ratio.

**Ty, but please let me wrap this up with a final question, apart from Premonition, are you working with any other InsurTech start-ups?**

Several. I am working with an exciting new company that is creating a customized investor protection product for crowdfunding companies and another which is working on an insurance product for pandemic risk. In each case, the client uses technology to help makes risks previously uninsurable insurable creating new products for the insurance industry.