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# Ellerston Capital-backed Friendsurance launches insurance for bicycle riders

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Friendsurance CEO Perry Abbott: "If you adopt better risk behaviours, you're going to get a benefit and the insurer's going to lower claims in the process." **Jesse Marlow**



by **Alice Uribe**

Fueled by a \$5.5 million investment from James Packer-backed Ellerston Capital, the local arm of German peer-to-peer insurer Friendsurance wants to change the way Australians get insurance. It starts with protecting the humble bicycle.

Friendsurance, headquartered in Berlin and founded in 2010, has gained attention for being the world's first P2P insurer. The model organises individuals into groups of 10, that cross insure each other – if there are no claims, up to 40 per cent of the premium is refunded.

Ellerston, which is 25 per cent-owned by Packer's Consolidated Press Holdings, made the investment via its [Ellerston Ventures venture capital fund last year](#).

The P2P insurance company has launched its first Australian insurance product, dubbed cash-back bike insurance. It covers not only the bike, but also things such as the rider's loss of income and dental work in the event of an accident, as well as third parties.

People aged between 10 and 17, a demographic not typically covered by insurers, can also get cover. Ellerston Ventures investment director Anthony Klok said the first product is a "massive achievement for a start-up" in a complex, regulated industry.

"Ellerston Ventures invests in companies that use the internet and technology as the core of their business. The insurance sector is a highly regulated and profitable

Samantha Cook  
2016 scholarship recipient

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industry that is ready for innovation for the benefit of consumers," he said.

"Friendsurance was a natural choice, as it is a mature player in the insurance technology space. It is one of the global pioneers of P2P. We were impressed that customers in Germany receive, on average, a 33 per cent premium cash-back."

## Filling a gap

As scandals continue to be uncovered at some of our biggest financial institutions, [P2P insurers may fill a gap where there is mistrust with the big banks and insurers](#), said PwC's Australian insurance leader Scott Ferguson.

"In an environment where insurance risks and customer attitudes are changing, and where there is falling trust in financial services providers, including insurers, technology entrepreneurs are exploring how to offer alternative insurance solutions to engage customers," he said.

"If anything, P2P innovations, like the other initiatives to drive greater consumer engagement in insurance through technology, are likely to contribute to elevating social awareness and activity in insurance to the benefit of the market overall."

In Germany, Friendsurance has about 150,000 customers who have about two policies each. It insures a diverse array of risks including cars, home and electronics and has relationship's with 80 insurance companies.

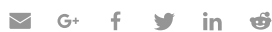
Perry Abbott, Friendsurance Australia chief executive, said the company's model focused on changing customer behaviour.

"If you adopt better risk behaviours, you're going to get a benefit and the insurer's going to lower claims in the process," he said.

Mr Abbott said Friendsurance was in talks with other large domestic insurance companies about new products and will shortly begin a second funding round.

"We would like to have support from our existing investors and bring in a strategic investors as well. There is a lot of interest as it's a very established model. It was there before insurtech, when people were only talking about fintech," he said.

Friendsurance is one of four companies Ellerston Ventures has put money into after amassing a \$23 million capital war chest. The other companies are Genero, a cloud-based video software platform, an online literacy education resource and [Better Caring, a P2P marketplace for elderly and disability care services](#).



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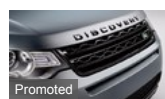
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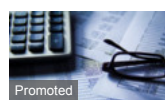
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