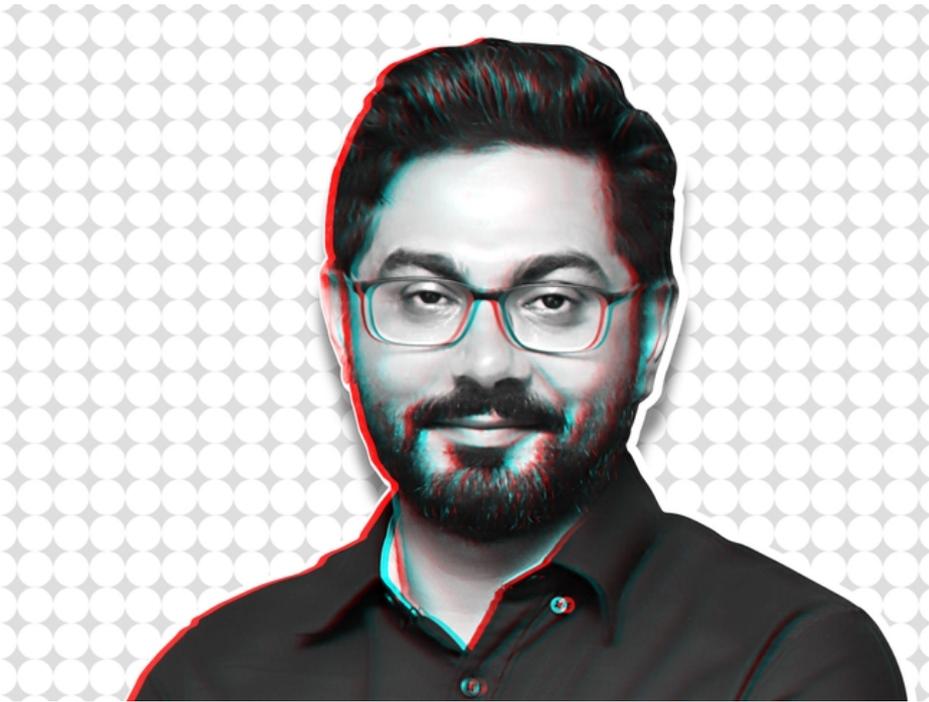


Acko raises new funds led by General Atlantic, Multiples as valuation jumps to \$1.1 billion

Synopsis

Acko, which is the newest Indian unicorn, was last valued at around \$400 million last year.



Varun Dua, cofounder and chief executive, Acko

General [insurance](#) startup [Acko](#) has raised \$255 million in a new [funding](#) round led by private equity majors [General Atlantic](#) and [Multiples Private Equity](#), valuing the four-year-old company at \$1.1 billion.

Canada's largest pension fund, CPPIB, and Lightspeed Growth as well as existing investors Intact Ventures and Munich Re Ventures also participated in the funding round.

ET [reported on June 29](#) that the Bengaluru-based company was in talks with General Atlantic and others for infusing capital. Acko which is the newest Indian unicorn was last valued at around \$400 million last year. Unicorns are privately held companies valued at \$1 billion or more.

The latest fundraise is also expected to have a secondary component, which is likely to take the round size to more than \$300 million, a person in the know said. Secondary transaction involves an existing shareholder selling their stake to an incoming investor.

The fresh capital will go towards investment in the health insurance market.

"As many as 80% of the people who can buy health insurance still don't have it in India, so the market is very large and untapped. It's not a winner take all market and easily 10-20 large insurance manufacturers and brands can exist here like how it is globally..." Varun Dua, the cofounder and chief executive of Acko, told ET. "We are targeting 100-150 million

digitally native Indians to provide them with insurance products focused on auto, health...”

Founded in 2016 by Dua after he left online insurance aggregator Coverfox, Acko provides offerings in auto, health and travel insurance segments where it has partnered with the likes of cab-aggregator Ola and Amazon for bite-sized insurance covers available through their respective apps.

The funding comes at a time when [insurtech](#) firms across the world have seen strong demand from customers as disruptions due to the Covid-19 pandemic led to more awareness about insurance.

In India, too, new-age firms such as Digit and Plum have already raised or are in the process of raising large funding rounds. “Private sector insurance is still relatively young as an industry here, unlike markets like the US,” Dua said. “In the next 10 years, we will see newer models emerge even as players like Star Health, PolicyBazaar, Care Health Insurance (owned by Religare) go public and create shareholder value..”

Acko's total funding, including the latest round, stands at \$450 million.

Its existing backers include Amazon, Accel, Elevation Capital, Ascent Capital, Intact Ventures, Munich Re Ventures and Flipkart's co-founder Binny Bansal, among others.

The startup said it has over 70 million customers, clocking a run-rate of approximately \$150 million in premiums.

The general insurer's premium income in the ongoing fiscal year up to September was Rs 414 crore as against Rs 150 crore in the same period last year, data from the insurance regulator showed.

The company's newly launched health business grew rapidly on the back of increased demand for medical covers amid the spread of Covid-19.

Acko and Digit, along with Flipkart cofounder Sachin Bansal's Navi GI, are seen as new-age brands in the digital-first insurance industry.

These startups are competing with the country's operations-heavy insurance sector, which has relied on the offline mode for years to conduct its business.

“We expect that the models might change but manufacturers who deliver product, price, claims and experience will form long-term relationships with customers,” Dua said.

In January, Digit, backed by Canadian billionaire Prem Watsa, [became the first startup unicorn of the year](#). Unicorns are privately held companies valued at \$1 billion or more.

Digit raised Rs 135 crore led by existing private equity investors A91 Partners, Faering Capital and TVS Capital, valuing it at \$1.9 billion.

Unlike peers such as PolicyBazaar and Coverfox, Acko, Digit and others have developed their own insurance policies.

These startups are categorised as ‘Insurtech’, short for technology-led insurance startups, which has been a buzzword globally among risk investors.

In 2020, the burgeoning sector attracted deals worth over \$7 billion globally, making it one of the fastest growing

subsectors in the startup ecosystem.

Globally, firms such as Zhong An in China, Lemonade, Esurance and Trov in the United States are among the leading insurtech firms.

In India specifically, stakeholders are particularly upbeat about the growth prospects of these companies as India's insurance penetration is currently among the lowest in the world, making it an open market for digital-native, challenger entities to take on established firms.

“We are firm believers in the Indian insurance sector's long-term growth story. We believe Acko with its disruptive business model and strength in execution, is well-positioned to take advantage of the sector tailwinds and emerge as a market leader given its singular focus on driving innovation across product design, distribution, underwriting and customer servicing,” said Shantanu Rastogi, managing director, General Atlantic.



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