



Coalition Recognized as the

2021

Technology Innovation Leader

North American

Cyber Insurance Industry

Excellence in Best Practices

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Coalition excels in many of the criteria in the cyber insurance space.

AWARD CRITERIA	
<i>Technology Leverage</i>	<i>Business Impact</i>
Commitment to Innovation	Financial Performance
Commitment to Creativity	Customer Acquisition
Technology Incubation	Operational Efficiency
Commercialization Success	Growth Potential
Application Diversity	Human Capital

Commitment to Innovation

“Coalition’s insurance offerings not only aim at ensuring business continuity and financial recovery, but focus on the wider objective of avoiding the breach itself.”

- Hiten Shah, Senior Analyst

In the last decade, cybersecurity as an enterprise function has been gaining bigger clout, primarily because more assets and business processes are going digital, and the attack surface of companies is growing rapidly. To combat cyber threats, companies have deployed strong and advanced security solutions and are increasing their security budgets

steadily. However, attackers have upskilled themselves and can circumvent even the strongest security controls to mount successful attacks.

Realizing that they are susceptible to cyber attacks, companies have adopted cyber insurance to cushion the financial impact of a cyber attack and ensure business continuity in the event of an attack. However, insurance providers currently struggle to design and offer insurance offerings that truly address the risks that enterprises face. Moreover, highly manual and complicated paperwork-based processes make it difficult for companies to procure the right insurance policy that covers the risks they face in cyberspace.

Coalition has taken an in-depth and detailed look at the challenges surrounding cyber insurance and designed cyber insurance policies that provide the most logical and comprehensive coverage for breaches and the resulting financial losses. Coalition’s insurance offerings ensure business continuity and financial recovery while focusing on the wider objective of avoiding the breach itself.

As a cyber insurance provider, Coalition invests heavily in developing the tools and approaches that can help protect clients from attacks. As a result, Coalition has emerged as one of the most comprehensive cyber insurance providers. Coalition's focus on safeguarding clients from cyber attacks has translated into tangible benefits for policyholders. Statistics indicate that only 1.6% of Coalition policyholders have reported a cyber claim compared to 6.2%, which is the US industry average according to the National Association of Insurance Commissioners (NAIC).

Frost & Sullivan believes that Coalition has entered the insurance market with a unique product and approach. The company's pioneering technology-enabled insurance model is helping guide other companies in the industry seeking to develop their insurance offerings and meet clients' needs.

Technology Incubation

As an insurance provider with deep roots in cybersecurity from its very inception, Coalition has been laser-focused on solving the industry's existing business gaps while helping optimize operating models. Coalition has differentiated itself from the competition by being highly technology-focused (e.g., automating a number of processes involved in due diligence and claims processing).

In the current market scenario, it can be clearly observed that the process of obtaining cyber insurance from more traditional insurance vendors involves processes and checks that are largely similar to obtaining any other form of insurance. Such processes involve completing checklists and answering standard questions that help the insurer assess risk and evaluate the premiums. However, these processes are highly cumbersome and rarely paint the correct picture of the actual risk. Coalition has made efforts to move away from such processes and instead employs an automated assessment system. The system takes an outside-in approach and examines a company's information technology (IT) infrastructure and existing security controls and safeguards to assess risk. Moreover, the company deploys a robust data collection methodology, resulting in vast amounts of information on the company's risk exposure within minutes. Frost & Sullivan notes this is a major differentiator as traditional insurance providers can take days to collect such data using manual processes. Coalition also makes a strong effort to leverage the perspective of information security or IT teams in addition to finance and compliance teams, further enhancing its understanding of the insured party. Such an approach has been lacking from the method of competing insurance providers.

Another key aspect of Coalition's cyber insurance offering is its unique nature. While traditional cyber insurance policies provide value to insurers in case of an attack or a breach, Coalition's policyholders reap policy benefits the minute they sign with Coalition. For example, Coalition's cyber insurance policy entitles clients to an entire suite of cybersecurity tools and services at no additional cost. The tools and services include continuous threat monitoring, automated security alerts, tailored cybersecurity recommendations, and security awareness training along with access to on-demand technical support with Coalition's security team at all times.

Despite a strong focus on avoiding cyber incidents and keeping systems secure, cyber attacks and breaches happen at times, and insurance policies have a significant role to play post-event. While traditional insurance companies enroll the help of third-party forensic investigators to detect the root cause of attacks and assess the damage, Coalition has developed an in-house team of investigators who

carry out investigations and can additionally leverage their findings to improve the overall security posture. Coalition is the only cyber insurance provider with dedicated in-house claims and incident response teams and they average a response time of under 5 minutes. As a result, a wider client base is better equipped to avoid the replication of similar attacks.

As a technology company focused on cyber insurance, Coalition has emerged as much more than just an insurance provider. Instead, it plays a large role in protecting companies from attacks and keeping their business afloat if they are compromised.

Commercialization Success and Customer Acquisition

Coalition has been witnessing a steady and impressive growth in new business acquisition since its founding in 2017. The pace of the company's new business acquisition is a testament to the industry's appetite for proactive solutions that can simplify complex processes. Coalition's solutions and approach has resonated across clients in different industries and allowed the company to achieve revenue growth of 600% year-over-year from 2019 to 2020 and a total customer base of more than 41,000.

Coalition relies on its network of insurance brokers as its primary sales channels and has developed a network of more than 1,000 brokers across markets. The company has also witnessed an impressive geographic expansion. For example, Coalition was one of the first cyber insurance providers to have an admitted product offering approved by the state of Florida in the United States. The three-year-old company's insurance offerings are now admitted in 48 states of the country in addition to Canada. Coalition plans to expand its services to the United Kingdom, Europe, and Australia in the near future and is ramping up its headcount to support its growth.

Financial Performance and Human Capital

Coalition was founded in 2017 by Joshua Motta and John Hering, veterans of the cybersecurity and technology industries. As a result, they had a chance to understand the deep-rooted challenges

“As a technology company focused on cyberinsurance, Coalition has emerged as much more than just an insurance provider. Instead, it plays a larger role in protecting companies from attacks and keeping their business afloat if they are compromised.”

- Hiten Shah, Senior Analyst

surrounding the financial impact of cyber breaches and the inability of traditional cyber insurance to truly help companies recover from cyber attacks. The company is staffed primarily by veterans of the technology and cybersecurity industry, helping the company maintain its focus on building a technology-focused insurance solution. In the last three years, the company has acquired total equity funding of \$125 million USD from leading investors such as Greyhound Capital, Ribbit Capital, Hillhouse Capital Group, and Vy Capital.

Conclusion

With each year and each major cyber attack, companies face significant financial setbacks as more assets and processes go digital. Insurance companies must be cognizant of the financial and business continuity impact of cyber attacks on enterprises, and adopt an approach that ensures the best possible outcome for a policyholder. Coalition's innovative technology-focused insurance model and deep understanding of business needs have allowed it to emerge as an industry leader, not only helping companies recover from cyber attacks but proactively working towards preventing them.

For its strong overall performance, Coalition is recognized with Frost & Sullivan's 2021 Technology Innovation Leadership Award in the North American cyber insurance industry.

What You Need to Know about the Technology Innovation Leadership Recognition

Frost & Sullivan's Technology Innovation Award recognizes the company that has introduced the best underlying technology for achieving remarkable product and customer success while driving future business value.

Best Practices Award Analysis

For the Technology Innovation Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Technology Leverage

Commitment to Innovation: Continuous emerging technology adoption and creation enables new product development and enhances product performance

Commitment to Creativity: Company leverages technology advancements to push the limits of form and function in the pursuit of white space innovation

Stage Gate Efficiency: Technology adoption enhances the stage gate process for launching new products and solutions

Commercialization Success: Company displays a proven track record of taking new technologies to market with a high success rate

Application Diversity: Company develops and/or integrates technology that serves multiple applications and multiple environments

Business Impact

Financial Performance: Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create on-going growth opportunities and strategies for our clients is fuelled by the Innovation Generator™. [Learn more.](#)

Key Impacts:

- **Growth Pipeline:** Continuous flow of Growth opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our six analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

