

# Blockchain and Insurance – A Primer

Florida Chamber Insurance Summit

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Miami

# What is a Blockchain?

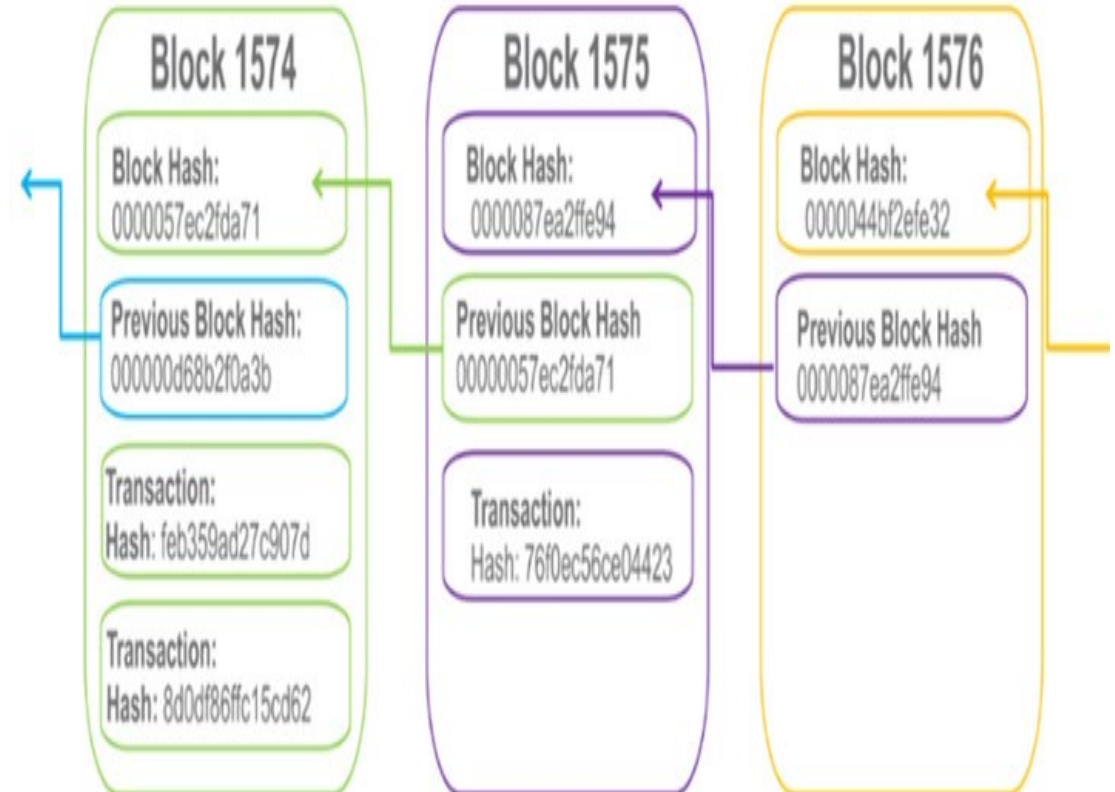
A distributed ledger that maintains a continuously growing list of chronologically added records called blocks. New blocks containing data (transactions, Smart Contracts, etc.) are confirmed and verified through a decentralized consensus process.

# Blockchain – Key Elements

- Blockchain technology creates a permanent, immutable record.
  - Immutable – once data has been written to a blockchain no single node/user can change it.
- Record of transactions (the blockchain) are replicated and held by all participants on a network.
- Can be permissioned (private), permissionless (public – Bitcoin), or hybrid.
- Information on the blockchain is encrypted – both secure and accurate.
- Audit Trail – Who did what and when?
- Enhanced privacy and security.

# Anatomy of a Blockchain

- **Public** or **Private** system
- Recording **Transaction** (activity) records to a **Ledger**
- Transactions grouped into **Blocks**
- Block includes **hash of prior Block** to immutably **Chain** the data
- Added to the **Distributed Ledger** by **Consensus** algorithm



# Why Blockchain for Insurance?

## Pain Points



### Insured

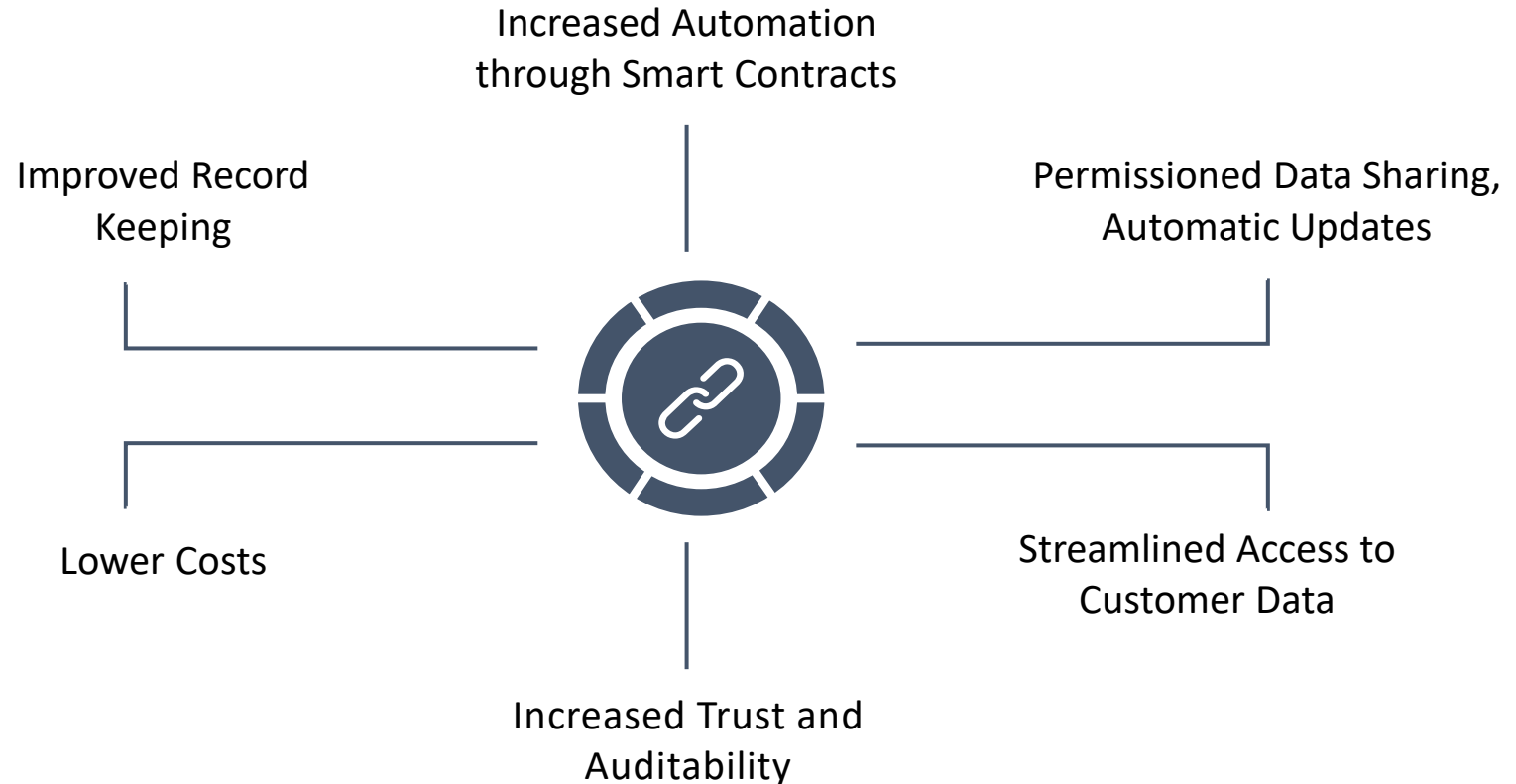
- Poor Customer Experience
- High Premiums
- Slow Entry into Emerging Markets
- Weak Product Innovation



### Insurer

- High Administrative Costs
- Costly Intermediaries
- Fragmented Data Sources
- Manual Processes
- Fraud Prone
- Stringent Regulation

## Benefits



# Blockchain – Benefits to Insurers

How can blockchain technology benefit the insurance industry?

- Eliminate redundant back-office processes.
- Improve the customer experience.
- Lower costs.
- Expand business opportunities.

# Blockchain in the Insurance Lifecycle

What areas of the insurance life cycle can be impacted?

- Insurance products, pricing, and distribution – parametric insurance
- Underwriting and risk management – data sharing, risk registries
- Policyholder acquisition and servicing – KYC, immutable record keeping
- Claims management – combat fraud; automation through smart contracts
- Finance, payments, and accounting - subrogation
- Insurance regulation and compliance – regulatory review/audit

Questions?