We Are Building the Future of Insurance: Join Us

Blockchain: The Link to Success

The Institutes
RiskBlock Alliance
Want to Learn More?

Contact us:
RiskBlockInfo@TheInstitutes.org or (610) 644-2100, ext. 7569
Blockchain Use Case: Solution Providers

Effectively bringing blockchain to the risk management and insurance industry requires partnering with leading technology firms to form robust solutions, integrate member systems, and exceed the security expectations of member organizations. Enter The Institutes RiskBlock Alliance.

Established as a not-for-profit consortium to leverage benefits of the distributed ledger technology, the RiskBlock Alliance joins together companies and providers to advance use cases that aim to bring efficiencies and cost savings in ways never before possible.

The RiskBlock Alliance’s blockchain has already started the process of plugging into policy and claims systems, but needs solution providers as partners to ensure that the resulting integration is seamless and smooth. To this end, we have created several partnership programs that allow solution providers to contribute new or existing products to our consortium’s trusted network, simplifying interaction among insurance carriers, brokers, and reinsurers. Contributions all must integrate blockchain technology with existing member systems.

Solution providers can also potentially gain a number of benefits, such as building our framework and use cases, participating in educational engagements, enhancing brand recognition, and presenting use cases to the consortium. And by participating in our annual conference and private meetings, solution providers can display leadership in front of decision makers who are eager to revolutionize the industry.

The RiskBlock Alliance’s blockchain framework will enable the communication and secure exchange of data using world-class security vetted by our consortium members. We strive to be platform agnostic, and we encourage members and partners to share prototypes implementing different technologies. Use cases tend to focus on industry-wide challenges, but may also include direct interaction between organizations and individual initiatives that aim to streamline the customer experience.

Our member companies already have a large set of use case ideas waiting to be implemented—but movement to production will only be possible through solid partnerships.

We encourage you to join forces with The Institutes RiskBlock Alliance to build the future of insurance. Go to TheInstitutes.org/Guide/RiskBlock and contact us today to learn more.

The RiskBlock™ Alliance at a Glance

Industry leaders are joining forces to unlock the power of blockchain. Become One of Them.

Join the industry-led consortium collaborating on blockchain solutions within risk management and insurance

The Institutes RiskBlock Alliance: Aligned and equipped to make blockchain a reality

Industry-Wide Collaboration
Unprecedented alliance for property-casualty, retirement, and life and annuity markets*

Business Agility
Leverages an open-source framework that provides unlimited applications

The Institutes
Launched by the leading not-for-profit provider of risk management and insurance education and research

Simple Scalability
Employs a foundational approach of “build once, use often”

Join the RiskBlock Alliance to unlock the benefits of blockchain

Top-Line Growth
Efficiency Gains
Accelerated Time to Market
Customer Satisfaction
Cost Savings
Risk Mitigation

Christopher McDaniel
President
The Institutes RiskBlock Alliance

Patrick Schmid, PhD
Vice President
The Institutes RiskBlock Alliance

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Why Join The Institutes RiskBlock Alliance?

As a neutral and industry-driven entity, the RiskBlock Alliance is uniquely positioned to promote industry-wide collaboration for advancing blockchain solutions.

1st scalable enterprise-level blockchain

100+ years of knowledge and experience

2 leading not-for-profit partners*

30+ participant insurance organizations

The Institutes RiskBlock Alliance: TheInstitutes.org/Blockchain

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Blockchain Use Case: Reinsurance

Today’s reinsurance market faces several important challenges. Profitability is constrained by low premiums, interest rates, and investment returns. And legacy systems and process inefficiencies plague the sector. But blockchain technology offers new hope, potentially improving information exchange, reducing operating costs, providing true auditability, and streamlining processes.

To realize this promise, blockchain must be accompanied by an industry-wide network or consortium to improve trust and transparency and reduce administrative burdens. The Institutes RiskBlock Alliance aims to fulfill this need, bringing together all industry sectors to facilitate blockchain adoption.

Estimates around blockchain show that the technology could provide reinsurers with cost savings in excess of $5 billion. Efficiencies in claims placement, processing, and settlement times and from minimized manual collaboration will likely provide much of this savings. Through a blockchain, the entire process of placement, premium cession, loss cession, and payment is represented on a single ledger that can be shared among all parties simultaneously.

The RiskBlock Alliance is already building production-ready blockchain applications related to parametric insurance, first notice of loss, and subrogation. Appropriate pieces of these applications can easily be leveraged and bundled into a platform that helps minimize the extent of manual collaboration among the primary insurer, reinsurer, and retrocessionaires.

For example, parametric triggers using smart contract functionality could commence a claim and potentially even settle it based on predefined, codified business logic. Alternatively, a first notice of loss could kick-start the claims process, igniting automated information sharing. Either way, the blockchain would allow data and information to be shared among all permissioned parties, reducing claims leakage and providing efficiency.

The processing and settlement of claims would occur in real time, through a single source of truth, thereby limiting manual interaction among parties. And because all information is accessible on the chain, the reinsurer would not need to ask the cedent for detailed premium or loss data through a bordereau. These changes could be highly beneficial to reinsurers and their customers.

Nonetheless, building blockchain applications for only one sector of insurance will not truly capitalize on the blockchain’s network effects. Instead, the industry must join together, working collaboratively and collectively to design holistic blockchain solutions. The RiskBlock Alliance is a not-for-profit consortium aiming to do just that.
Blockchain Use Case: Distribution

Blockchain applications will affect agents and brokers, lifting the administrative burdens and allowing for greater efficiency.

In commercial insurance, for example, exchanges of information and transactions often occur in a centralized manner. Much of the activity is documented on paper in great detail—a labor-intensive process, as insurers maintain electronic, and often physical, files that describe the risk. To develop a quote, brokers may call multiple underwriters or search various insurer websites. En route to being registered, finalized contracts often undergo digital transformation, processing, and record keeping. Then, copies of the contract are sent to the brokers and insurers—and the processing and record keeping begin again.

Brokers and insurers may need to use these records in later stages of the insurance policy life cycle. In fact, the records are generally adjusted and updated throughout the life of the contract, potentially leading to reconciliation issues.

Documentation difficulties, such as data updates that might not be duplicated in other versions of the same contract, may lead to processing delays, which in turn increase the overall cost of insurance. Moreover, such difficulties can constrain growth opportunities by requiring that increasingly more labor resources are dedicated to administrative tasks.

A consortium blockchain, like the one proposed by The Institutes RiskBlock Alliance, can help by providing access to contract documentation via keys. These keys can be shared with the related insurers and brokers, allowing permissioned and secure access to the documentation and updates that are reflected across the board. In this way, a blockchain can help ensure consistency among various parties and dramatically cut administrative costs.

The example above is one of many that illustrate how the blockchain can affect agents and brokers. Across all industries, organizations are venturing deeper into blockchain, both on their own and through blockchain consortia. The RiskBlock Alliance plans to use blockchain technology, smart contracts, and permissions to tackle industry issues, create efficiencies, and set standards around blockchain use. The goal of our initial set of use cases is to create production-ready applications in the areas of proof of insurance, first notice of loss, subrogation, and parametric insurance. However, expansion into other areas is planned for 2018.

Make no mistake: Blockchain has arrived in the insurance industry, and its predicted impact is growing every day. As insurance organizations begin looking to industry-wide solutions like RiskBlock and also move forward with their own distributed-ledger initiatives, agents and brokers will play key roles as mediators between the fast-changing insurance world and prospective customers.

Value Proposition

First true industry-wide risk management and insurance consortium cutting across all insurance industry sectors

No science experiments! Focused on creating real world production applications that bring value to members

Certified RiskBlock-ready designations for solution providers

Certified blockchain professional and certified blockchain engineer programs

Unbiased, industry focused not-for-profit

Collaborating with multiple industry associations across the insurance space

Partnering with LIMRA to bring blockchain to the life, annuity and retirement space

Multiple use case build appr oaches: members only, collaborative, solution provider focused, RiskBlock only or a hybrid of any of these options

Use it and lose it philosophy of not storing members’ important data on the blockchain

Platform agnostic, supporting the building of and communication among various current and future flavors of blockchain

Build once, use many approach to architecture, use cases and reusable tool kit components

The Institutes® RiskBlock Alliance

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Netting of Payments in Subrogation

Subrogation serves as a notable example of how settlement of claims can also be improved with blockchain adoption. Because there may be a delay in establishing fault in insurance, an insurer will often pay the claim for its insured and then seek to recover that money (or at least some of it) from the party ultimately deemed at fault. Subrogation is usually an exchange of monies between insurers, which is time-consuming and largely manual.

Use cases within the personal auto realm provide notable examples around proof of insurance, final notice of loss, and subrogation, among other areas:

Verification of Proof of Insurance
Proof of insurance is required in a number of circumstances and often leads to costs for insurers as they field calls, exchange information, and provide record-keeping services. In the United States alone, approximately 26.4 million people are involved in a traffic stop annually, and police report over 6.5 million crashes in a given year. Each of these instances, totaling 52.7 million occurrences, involves proof of insurance validation—and likely represents a small portion of total auto-related proof of insurance verifications, which also include multiple vehicle crashes, registration checks, etc.

Outside of auto, there are many other instances of proof of insurance verification across various lines of business and parts of the globe. Blockchain can help ease this process on consumers, brokers, insurers, and reinsurers by providing a single source of truth and a permissioned means to transfer insurance information across parties without introducing paper-related processes or expanding labor resources.

Data Sharing—Final Notice of Loss
According to recent auto claims statistics in the U.S., the number of auto bodily injury claims in a given year is 1.7 million, and the number of auto property damage claims is roughly 6.5 million, totaling 8.2 million auto claims. This number is much, much larger if aggregating claims across lines of business and totaling them globally. Regardless of the line of business, the first notice of loss experience doesn’t meet expectations for consumers: it should be more streamlined, personalized, seamless, and fast. For businesses (insurers, brokers, etc.), the current inefficient, manual process involves a large amount of iterative information exchange, wasted time/resources, irrecoupable record-keeping, and redundant completion of various forms.

A decentralized ledger provides the means to share data from insureds and insurers to the various involved parties (such as other insurers and collision centers) in a trusted manner without an intermediary while maintaining security through permissions. This can greatly improve the process, cutting costs for insurance-related businesses, which could be passed on to consumers.

Although these auto insurance examples help to tell the story, the RiskBlock Alliance is building blockchain applications in a variety of other areas. In fact, much of the 2018 focus will likely move to commercial lines applications, many of which mimic pieces of the personal auto use cases above.

One notable example is certificates of insurance. An insurance certificate is a piece of paper that provides “secondary evidence” of insurance coverage. Certificates are required in many kinds of commercial contracts: fleet, construction, marine, etc. A blockchain application could provide the ability to place policyholder information on a blockchain as a real-time repository and allow for permissioned access and verification for those deemed appropriate (i.e., certificate holders). All coverage and changes would update, including additional insureds, exclusions, endorsements and cancellation notices.