



We Are Building the Future
of Insurance: Join Us

Blockchain: The Link to Success



TheInstitutes.org/Blockchain



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"

*Partnership between The Institutes and LIMRA to offer property-casualty, retirement, and life and annuity blockchain solutions

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

Industry leaders are joining forces to unlock the potential of blockchain.

Are you one of them?

TheInstitutes.org/Blockchain

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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 and LIMRA are partnering to offer property-casualty, retirement, and life and annuity blockchain solutions.

The road ahead for RiskBlock:

- High-impact innovation**
Innovate in high-impact operational areas, including claims processing, investigation, negotiation and settlement, and regulatory reporting
- Flexible consortium operating model**
Promote a logical and scalable service delivery model that supports the development of blockchain industry use cases and solutions
- Adaptable framework**
Develop blockchain architecture that is future-proof, emphasizing high performance and scalability
- Relatable use cases**
Build solutions for multiple use cases, including proof of insurance, subrogation, parametric insurance, first notice of loss, and more

**The Institutes
RiskBlock Alliance**
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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.

The Institutes RiskBlock Alliance: TheInstitutes.org/Blockchain | RiskBlock@TheInstitutes.org

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



Blockchain Use Case: Carriers

The economic climate today presents many challenges for insurers. In an extended period of weak income growth, rising prices, greater access to information, ever-evolving technology, and increasing globalization, consumers demand more from suppliers—including insurers. Yet, in this increasingly competitive environment, profits have been constrained by factors such as low interest rates, weak investment returns, and regulatory scrutiny. Blockchain technology can help by creating new efficiencies—with cost containment realized through automation and disintermediation, particularly in the claims process.

The current insurance experience is complex, in many instances still relying on paper processing. Great room for improvement exists, according to feedback from customers, who want seamless, personalized solutions with minimal delay. However, today's processes involve many ingrained system complexities that hinder the ability for smooth transitions and deviation from the norm. For example, insurers interact with many intermediaries and third-party data providers, which can lead to delays and increased costs. In addition, the current claims process is largely manual: adjusters manually inspect claims submissions, verify policies, review coverage, evaluate damages and liability, and negotiate loss amounts and settlements.

Blockchains can help reduce costs through automation, as blockchain-enabled smart contracts can be embedded throughout the claims experience. Broader use of smart contracts could establish rules to enforce policy terms, notify participants of a first notice of loss, and even pay claims without requiring loss adjusters to manually administer or review every claim—instead, allowing them to focus on the more complex claims.

The claims submission process could be dramatically simplified and more customer focused if smart-contract-generated submissions were incorporated into it. Engagement with intermediaries through the claims process could also improve because the flow of information would be automated and streamlined where appropriate.

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



POI

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 6.3 million crashes in a given year. Each of these instances, totaling 32.7 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 expending labor resources.



FNOL

Data Sharing—First 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, irreconcilable recording 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.



Subrogation

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.

A shared ledger, like the one used within The Institutes RiskBlock Alliance, can facilitate the netting of payments among consortium members, eliminate manual processes, and speed up the entire subrogation process. This can eliminate or reduce administrative costs and costs related to third parties—especially if the netting principles described above are automated through smart contracts.

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.