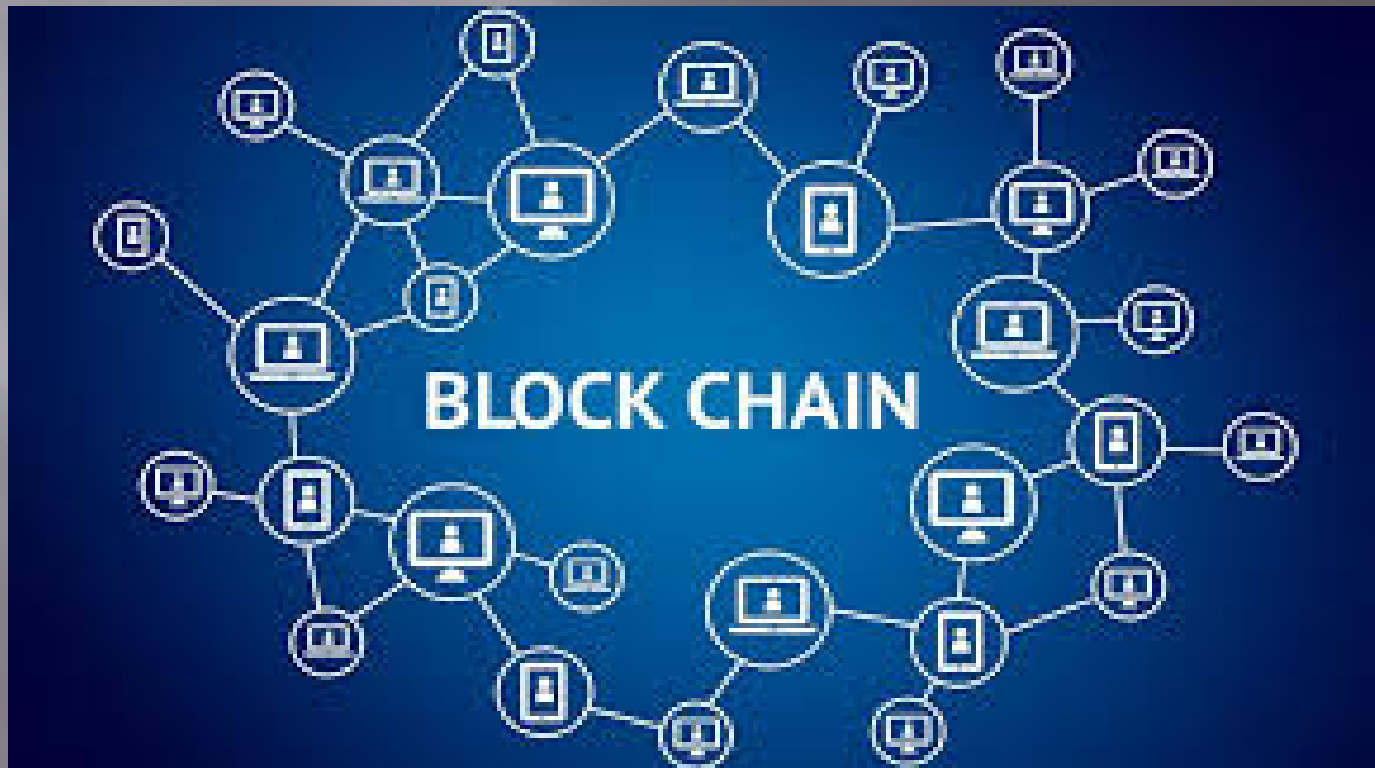


Blockchain Implications Every Insurance Company Needs to Know



What is Blockchain

- Blockchain
 - a. Technology
 - b. Terminology
 - c. Benefits
 - d. Myths
- Implementing Blockchain
 - a. Public
 - b. Private
 - c. Federated
- Blockchain Insurance Use Cases
 - a. Policy Issuance & Validation
 - b. Claims Processing
 - c. Traditional Finance
 - d. Compliance

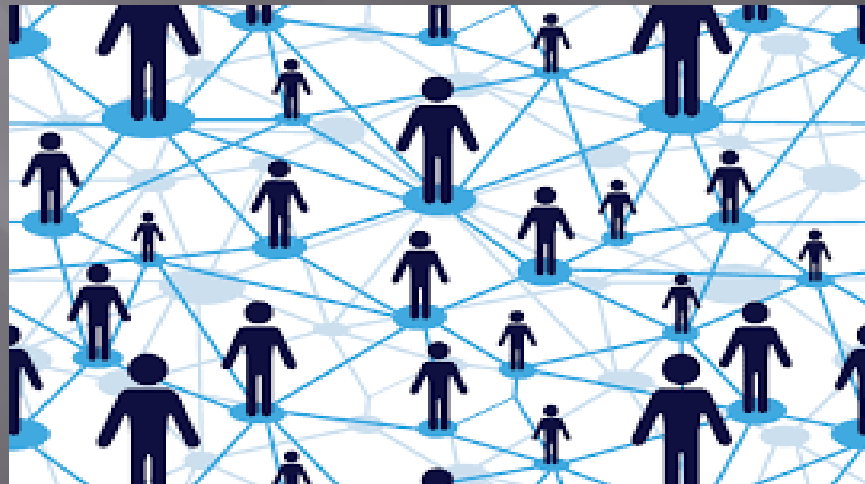


What is Blockchain? -> Hash pointer linked list of Blocks

- ▣ Blockchain is a ledger of transactions that occur within an unlimited number of computers or blocks.
- ▣ Data that is uploaded is encrypted with the highest level of encryption and broken into hundreds of pieces of further encrypted data spread throughout numerous networks.
- ▣ Every block contains a hash pointer that causes it to be connected to the block before it

What is Blockchain? -> Hash pointer linked list of Blocks

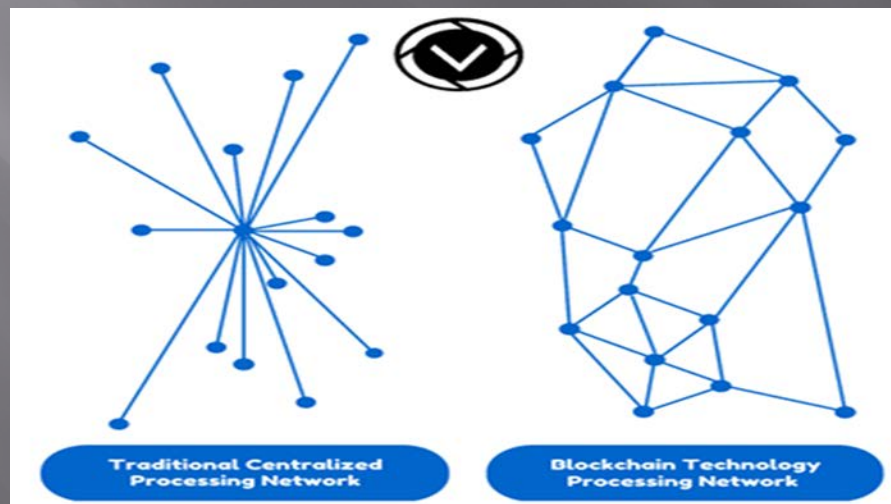
- ▣ A time stamp is going to be attached to each transaction so that users can tell what deal was accepted to the chain
- ▣ The blockchain is tied to a peer to peer network that will be distributed through a server once a timestamp has been placed on the transaction



Blockchain Terminology

Decentralized System

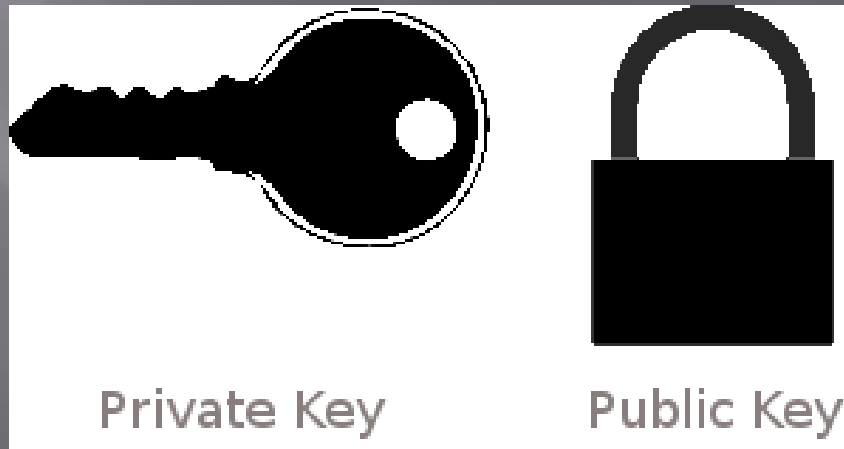
- ▣ Whenever data is stored on the network the blockchain is going to eliminate the risks of keeping your information in one place
- ▣ Blockchain network is going to lock the vulnerable parts that hackers can exploit in a centralized system



Blockchain Terminology

Decentralized System

- ▣ Blockchain Security methods use public and private keys
 - Public keys: random string of numbers and letters that identify users
 - Private keys: have passwords tied to them that outside users will not have access to



Benefits of Blockchain

- ▣ Your identity is completely protected using Blockchain





Benefits of Blockchain

- ▣ Personal information not required
- ▣ You are not going to have to worry about a hacker getting your data that is stored on the Blockchain

* DO NOT SHARE YOUR



Blockchain Myths

- ▣ Blockchain is FREE
 - Blockchain requires computing power
 - Someone has to pay for that power
- ▣ Blockchain is a database on the cloud
 - Blockchain is a flat file that records transactions
 - Blockchain provides proof of existence



Blockchain Myths

- ▣ Blockchain can be used for everything
 - Will not solve all the worlds problems
 - Storage and Transactions are ideal
- ▣ There is only one Blockchain
 - There are several Blockchains



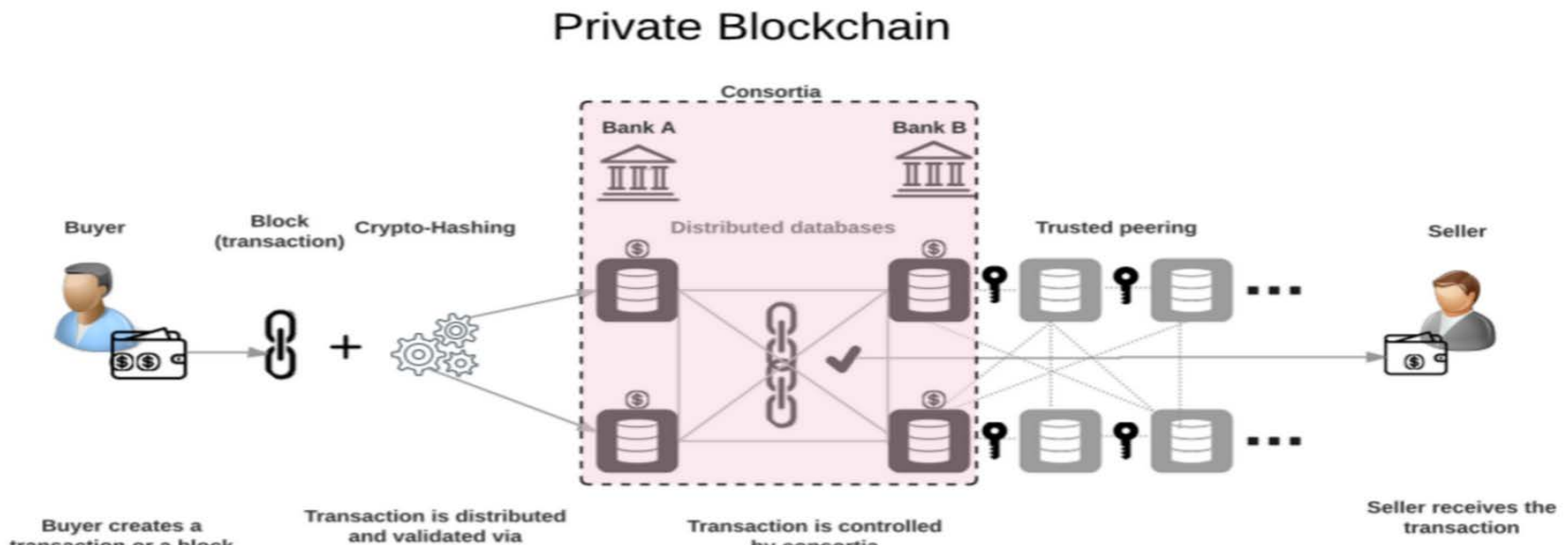
Implementing Blockchain



Steps for Successfully Implementing
BLOCKCHAIN TECHNOLOGY

Private Blockchain

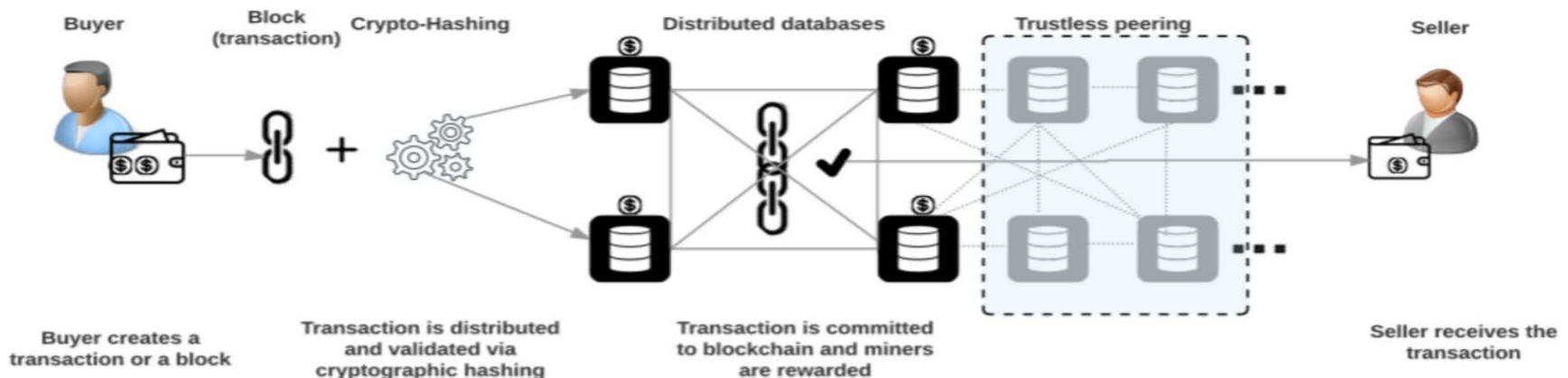
- Private Blockchains are valuable
- Not as secure as public
- Allows the organizations to have control over the participants in the blockchain
- Ideal implementation for heavily regulated organizations such as banks and financial institutions



Public Blockchain

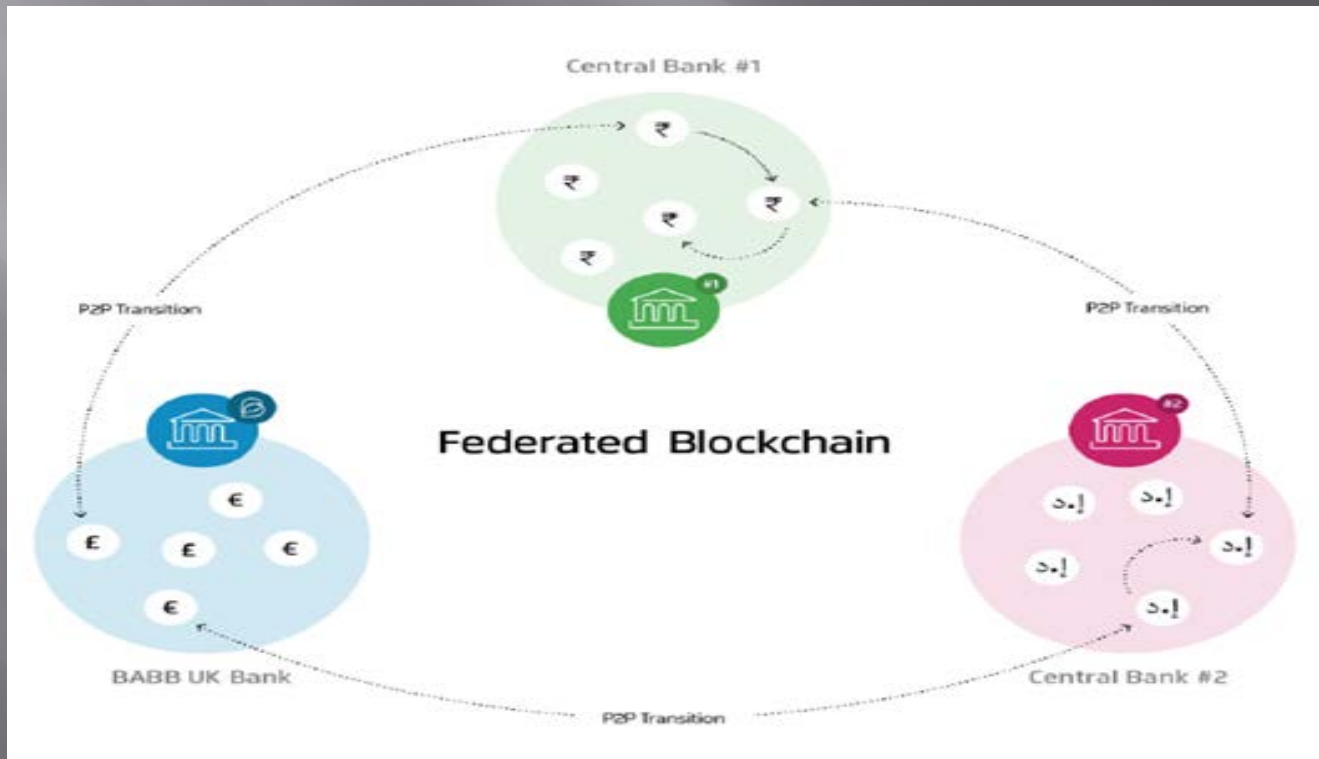
- Faster and Cheaper
- Respects company's privacy
- Great for tracking supply chains
- Contractual transactions, ie. Real estate, land registry
- Excellent for data storage/file management, payment transactions, preventing voter fraud

Public Blockchain



Federated Blockchain

- Instead of one sole autonomy as in private, multiple authorities are in charge
- Would consist of multiple trusted companies across an industry or country
- Great for Governments, Healthcare, Pharmaceuticals



Questions?



“Any technology, including Blockchain, that can increase trust and transparency for an industry whose pillars are built on that, should be fully explored.”

– Rob Schimek, Former CEO of Commercial, AIG

Blockchain for Insurance

- Streamline policy issuance and validation process
- Smart Contracts for simplifying claims processing
- Traditional Finance
- Billions spent industry wide on compliance for fraud prevention

Policy Issuance & Validation

- ❑ Underwriting is the most important component of insurance
- ❑ Onboarding new clients requires extensive KYC
- ❑ Customers provide fraudulent information



Smart Contracts for Policy Issuance & Validation

- ▣ Smart contract – is a digital contract agreement which is stored in the Blockchain network within each node of the distributed ledger.
- ▣ It defines the conditions to which all parties using contract agrees. So if required conditions are met certain actions are executed.
- ▣ As the smart contract is stored on every computer node in the Blockchain network, they all must execute it and get to the same result. This way users can be sure, that outcome is correct.

Cumbersome Claims Processing

- ▣ Many consumers still purchase insurance policies over the phone
- ▣ Policies are issued on paper contracts
- ▣ Locating and digesting policies during claims are logistical headaches for consumers



Simplify Claims Processing

- ▣ Consortiums of medical facilities, funeral homes, insurers, and government agencies will be apart of the Blockchain network.
- ▣ Death certificates will be created digitally and will exist on the chain, where certified copies can always be obtained.
- ▣ Insurance companies will use smart contracts that will issue automatic payouts to funeral homes, medical facilities, and other beneficiaries

Simplify Claims Processing

- ▣ The Blockchain will contain all the information needed to execute the entire process, including policy and beneficiary information
- ▣ Hospitals and insurance companies must strategize their IT systems to integrate with the Blockchain.
- ▣ Universal adoption among stakeholders, which may require pressure from regulatory authorities.

Blockchain Changes Traditional Finance

- ▣ Payments
- ▣ Clearance
- ▣ Settlements
- ▣ Fundraising
- ▣ Loans And Credit



Blockchain Changes Payments

- ▣ Blockchain technology offers a payment system with higher security and lower costs as a way of sending peer-to-peer(P2P) payments and will require no intermediary.
- ▣ Eliminates the need for third parties to verify transactions.
- ▣ In return, it will give people access to cheap, fast, and borderless payments.



Billions in Compliance Costs

- Industry spends billions on fraud & compliance
- Massive data breaches affect customers and organizations globally
- Insecure centralized servers are easy targets for hackers searching for vulnerable sensitive data.



BobTM the Builder

Can We Fix It?TM



Reduced Compliance Costs

- ▣ Blockchain can replace centralized systems in with a decentralized infrastructure that increases security and gives control, ownership, and responsibility for identity information to individuals.

Reduced Compliance Costs

- ▣ This is achieved by shifting trust from corporations, and other third parties to a network agreed incorruptible database.
- ▣ Companies can free themselves from having to issue, verify and store identity data, as the essential element of trust and verification is provided by an immutable and transparent distributed ledger

Reduced Compliance Costs

- ▣ Companies can instead verify a customer's identity by quickly and cheaply checking an industry-specific or nationally distributed ledger.
- ▣ The immediacy and transparency inherent in the technology also mean that any changes to information within a ledger are available in near real time.

Questions?



In Summary

- ▣ Improved infrastructure allows more secure data
- ▣ Implementing blockchain in Insurance providers gives secure data storage for clients and organizations
- ▣ Streamline processes and cost reductions using Blockchain increase organizational bottomline.



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