

THE IMPACT OF BLOCKCHAIN TECHNOLOGY ON THE INSURANCE INDUSTRY

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AGENDA

01

BLOCKCHAIN BASICS

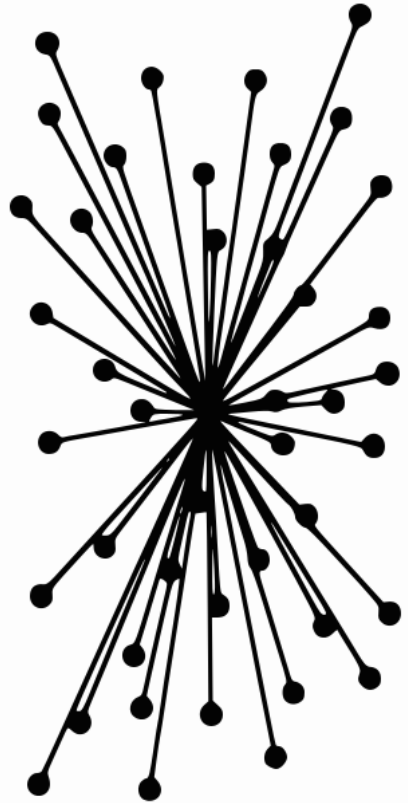
02

ALLIANZ BLOCKCHAIN USE CASE

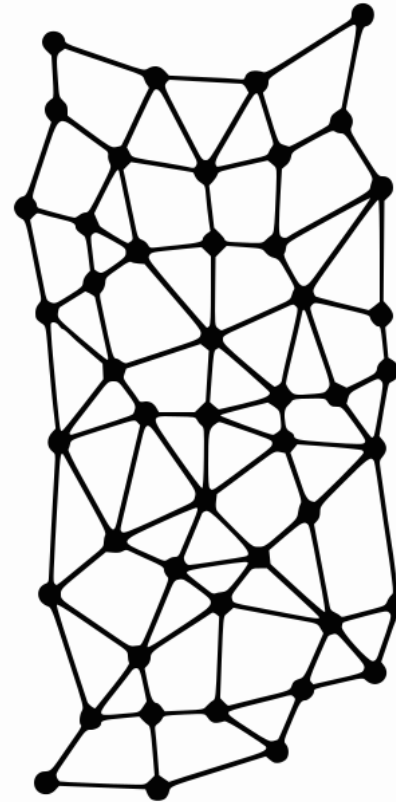
03

BLOCKCHAIN INSURANCE INDUSTRY INITIATIVE B3I

CENTRALIZED VS. DISTRIBUTED NETWORKS



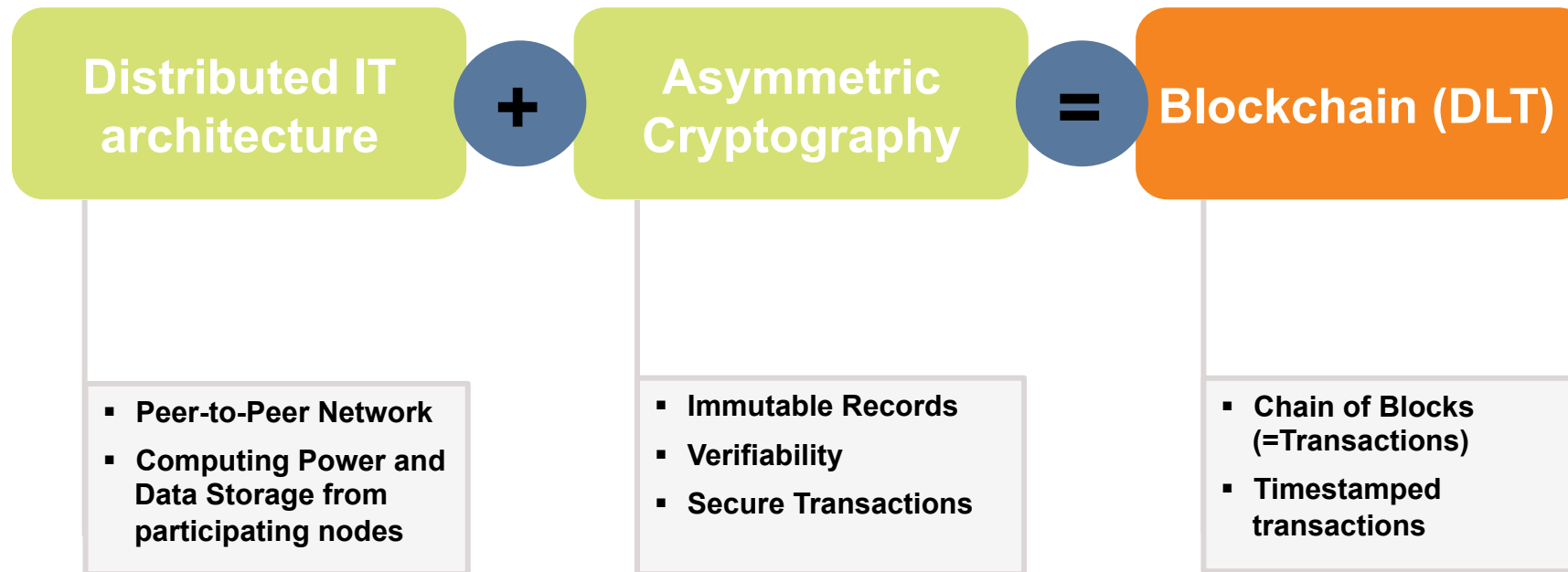
Centralized



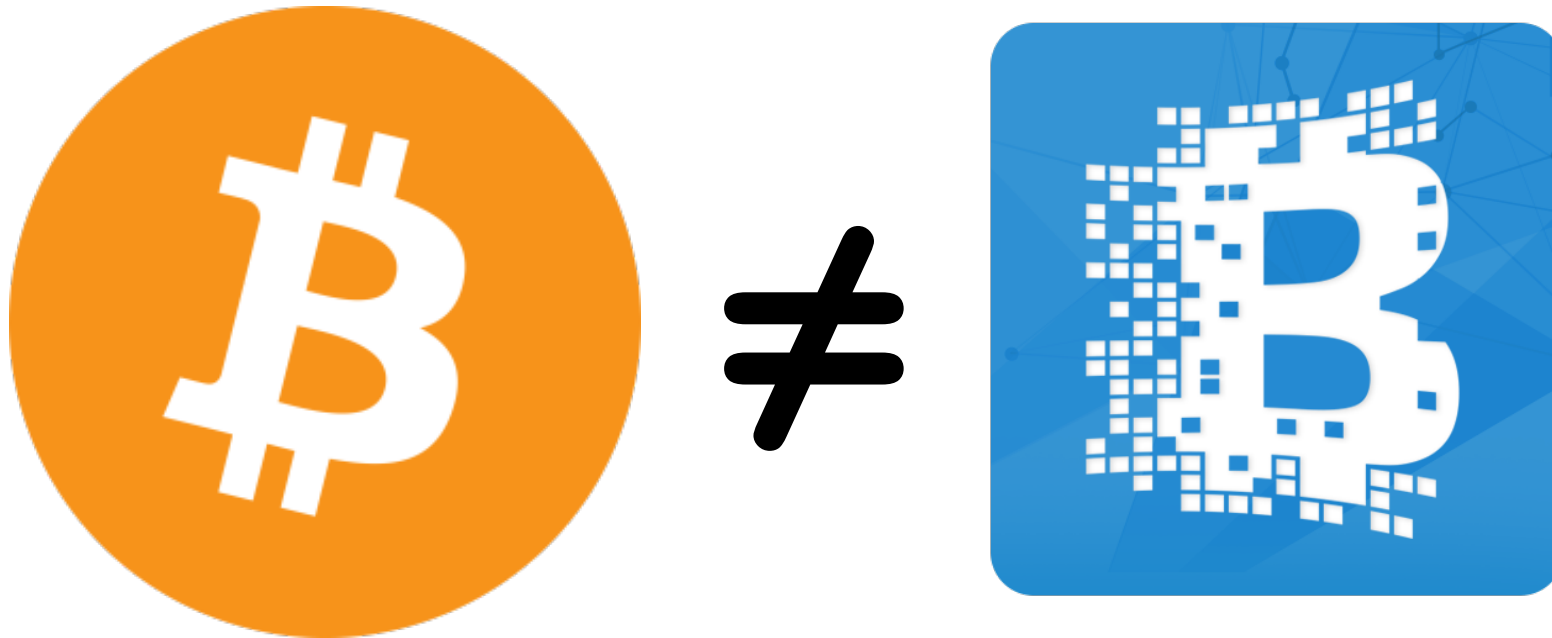
Distributed



BLOCKCHAIN IS THE 'THE INTERNET OF VALUES'

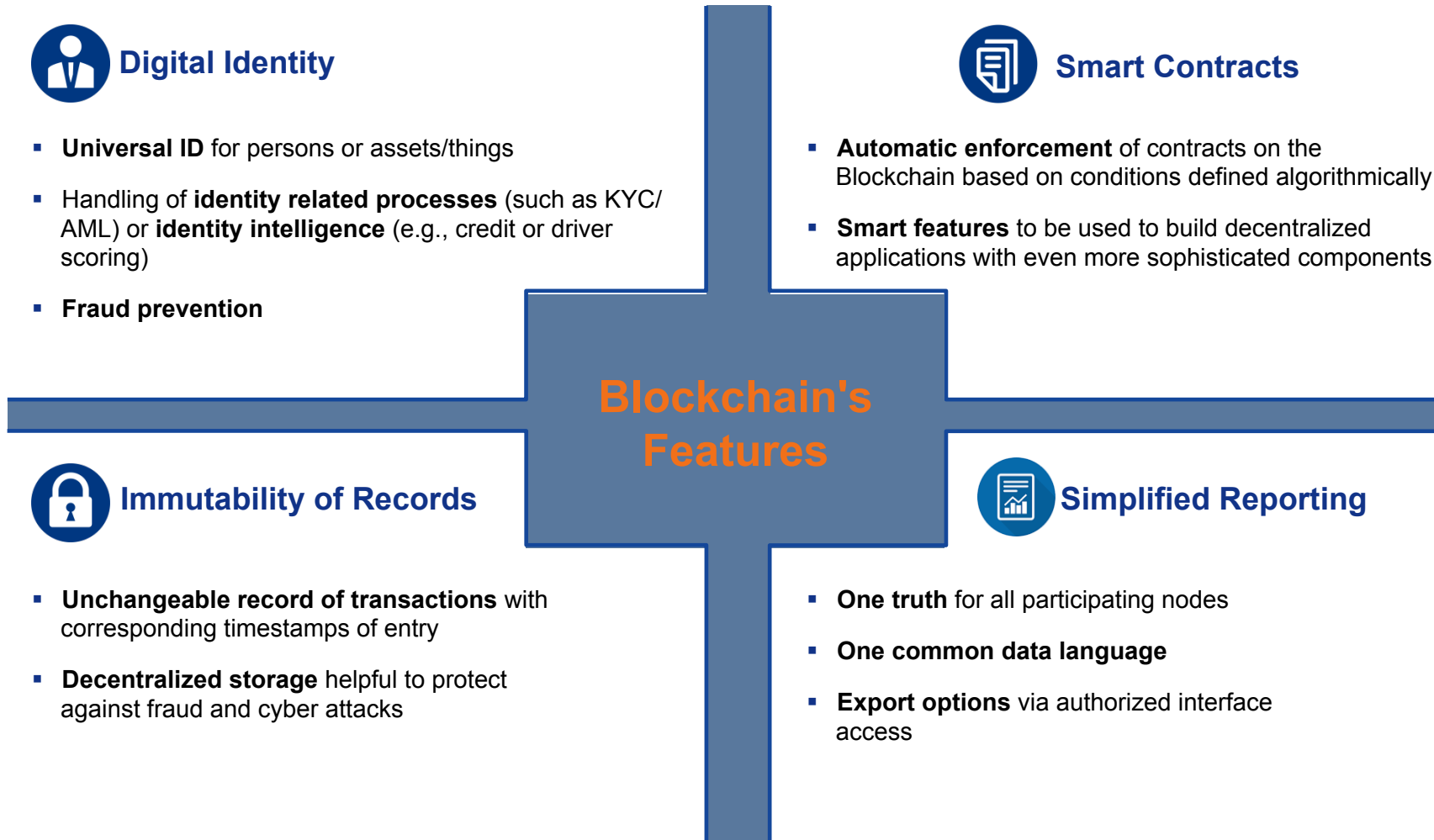


FIRST APPLICATION OF THE BLOCKCHAIN TECHNOLOGY – BITCOIN





AREAS WHERE BLOCKCHAIN MAY PLAY A ROLE





BLOCKCHAIN OPTIMIZES ALL TYPES OF CONTRACTUAL RELATIONSHIPS

Intra-group

AZ Re use case:

- Automate contract execution environment
- Encrypted record-keeping register
- Reduce admin and reconciliation workload

Industry-wide

B3i use case:

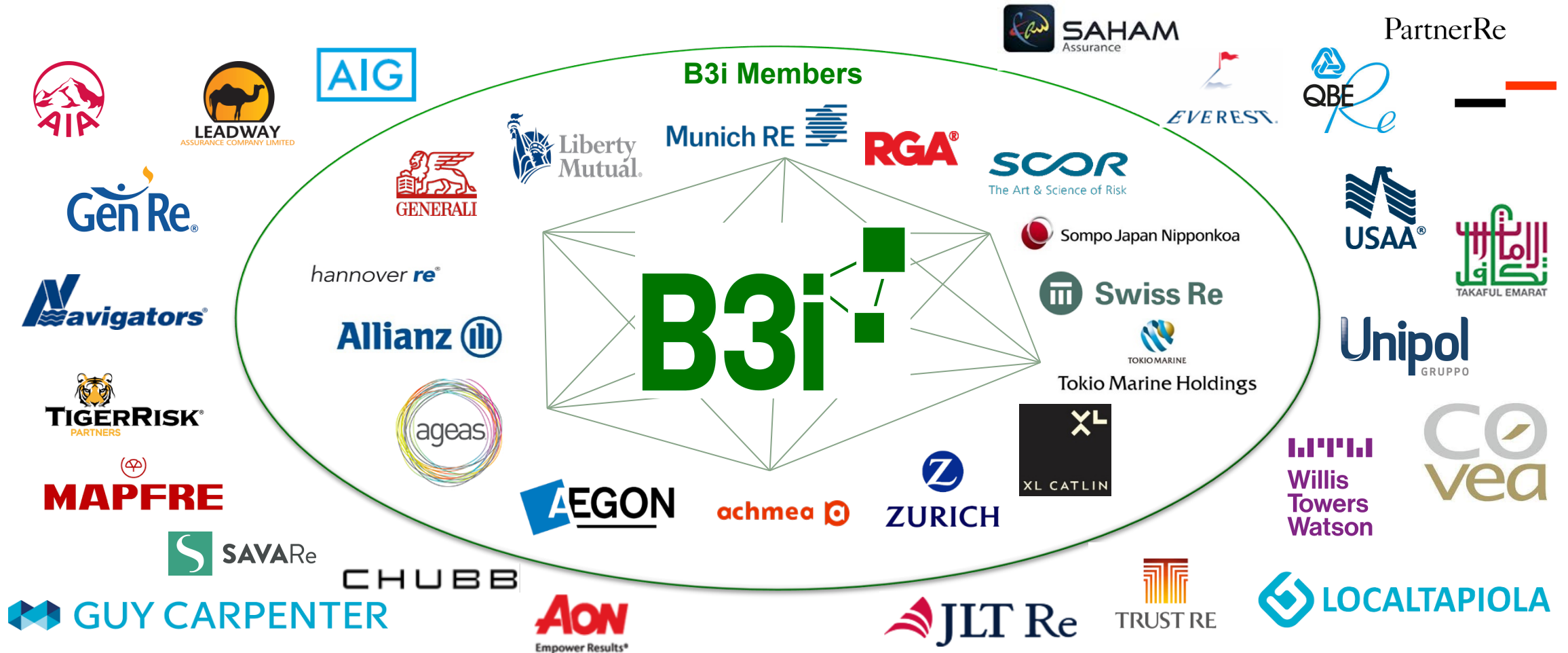
- Develop standards and processes for inter-group retrocession
- Catalyze efficiency gains

Across industries

Future use cases:

- Exchange of digital assets between players from different industries (e.g. between banks, re/insurers, automotive etc.)

23 NEW ENTRANTS JOINED B3i IN SEPT. 2017 AS MARKET TESTING PARTICIPANTS



B3i'S UNIQUE POSITION

High involvement of business SMEs in addition to IT

Through engaging “Bootcamps”, we are able to share knowledge and experience gained, align on common B3i objectives and build industry standards on insurance smart contracts

Wide Industry Collaboration

Blockchain inherently needs industry collaboration
Blockchain prompts industry to work together on smart contract standards and common business processes

Blockchain Technology enabling decoupling of data and transaction administration

Blockchain, different from client server database, can decouple data ownership and transaction administration, offering different model of trust that does not rely on legal arrangements and resource intensive audit processes

Strong fast moving team with entrepreneurial spirit

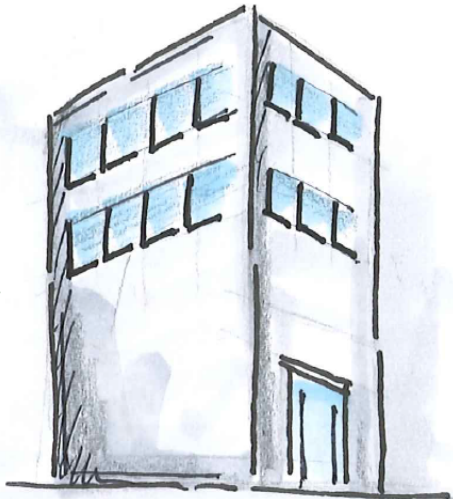
Small team with strong expertise and vision have delivered reinsurance contract management prototype in 4 months



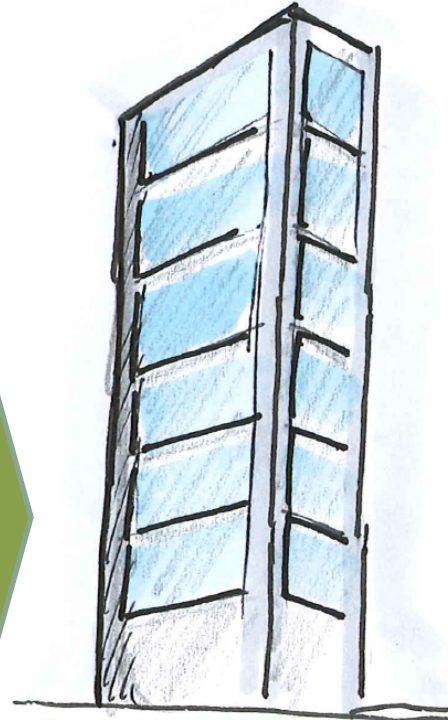
INSURANCE VALUE CHAIN



**Policy
Holder**



Insurer



Reinsurer

Inefficiencies

- Paperwork
- Lack of standards
- Cumbersome Signoffs

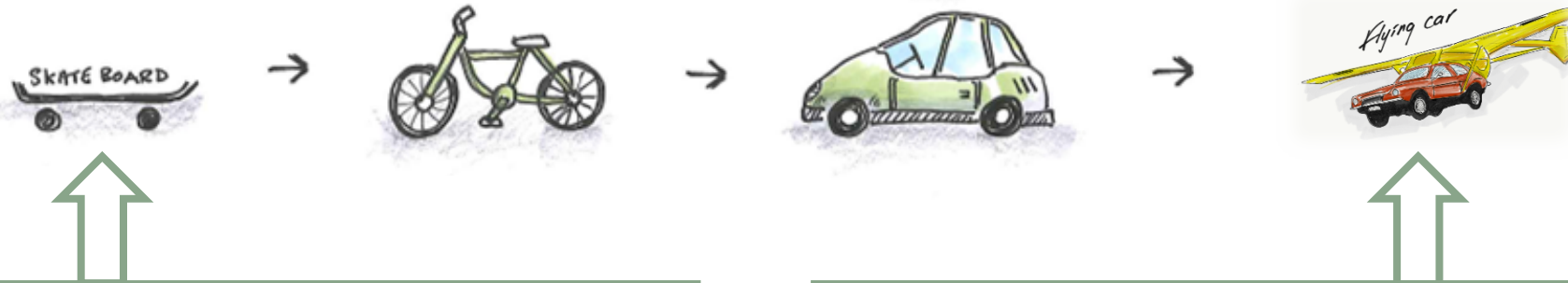
Leading to value lost

- Delays
- Manual Reconciliations

Creating Risk and Costs

- Credit Risk
- Cash flow inefficiencies

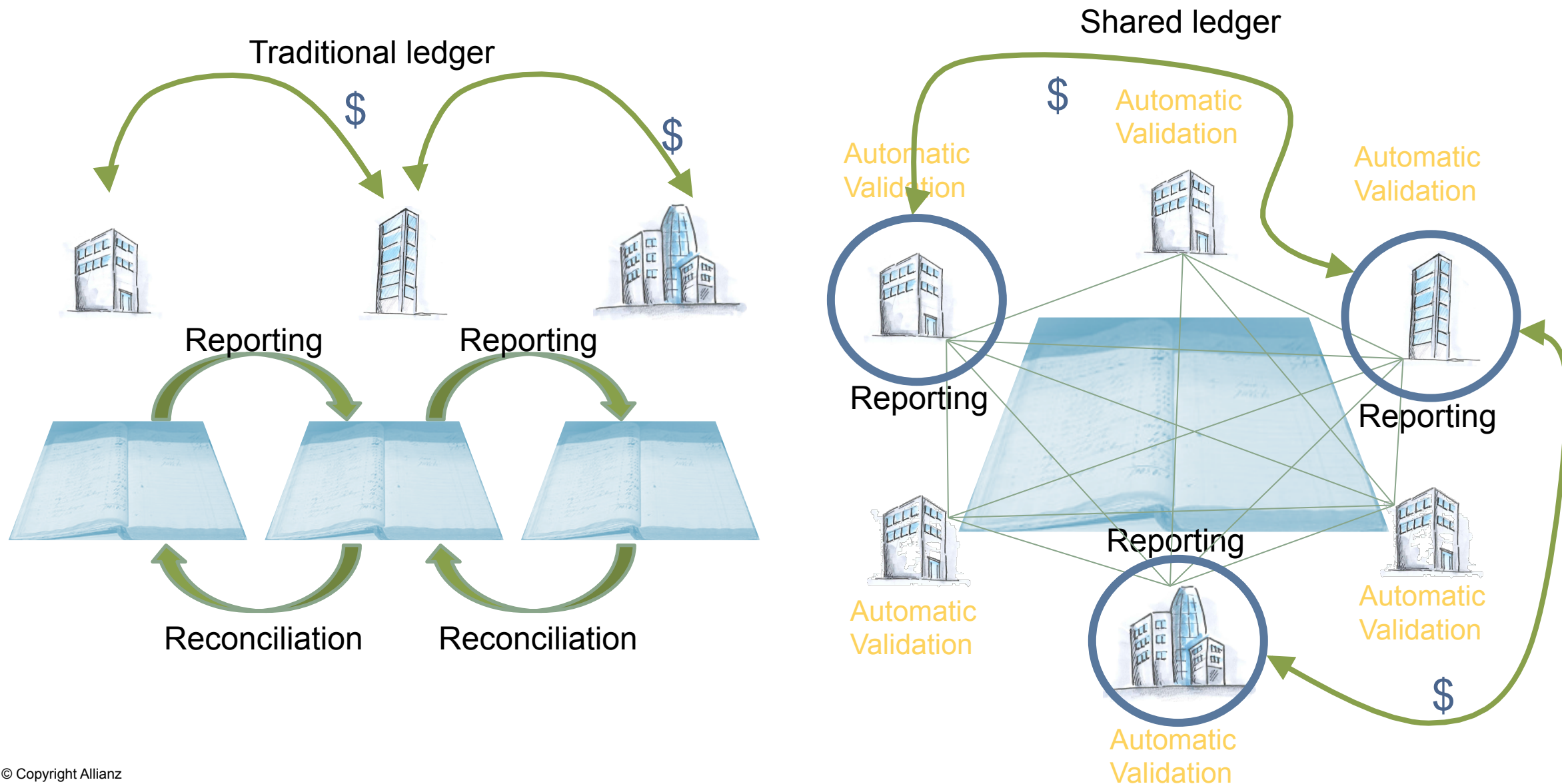
B3I PROOF OF CONCEPT



- 😬 Simple contract
- 😬 Single version of the truth
- 😬 End-to-end process
- 😬 Minimal Common data platform
- 😬 Clear standards (Acord)
- 😬 Accelerated, multi-currency cash flow

- 😊 All common contracts
- 😊 Single industry version of the truth
- 😊 End-to-end FAST process
- 😊 Single automated platform
- 😊 Clear standards, full systems integration
- 😊 Full Payments integration
- 😊 Many more features

B3I – A TRUE INDUSTRY COLLABORATION





FINDINGS OF THE FIRST PROOF OF CONCEPT

Expected benefits

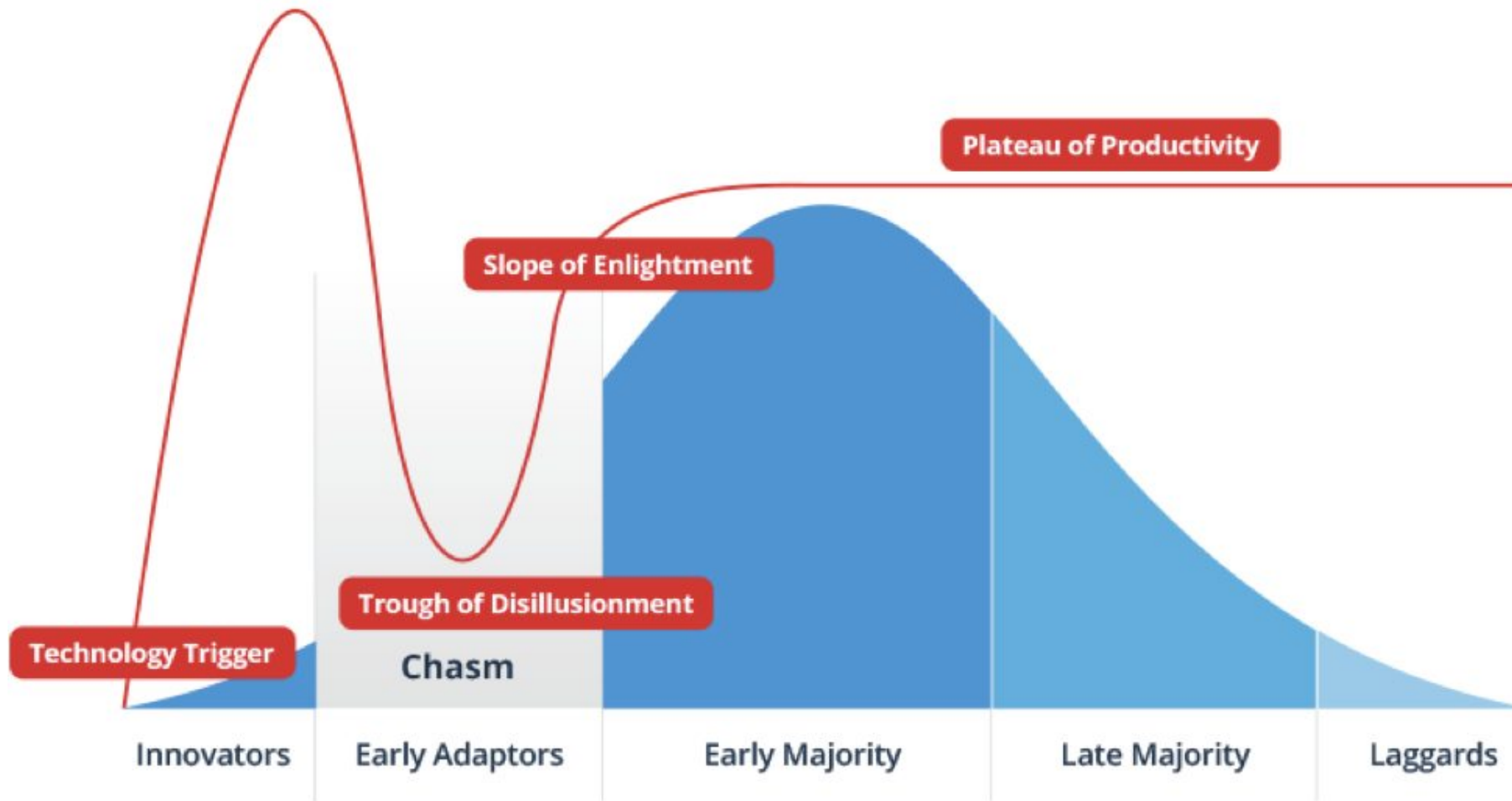
- Efficiency gains of up to 30%
- Conservative expectation of a combined ratio reduction of 0.5%
- Better client experience
- Higher service level and efficiency

Risks and Potential Constraints

- Scalability towards larger number of contracts
- Computationally complex contracts
- Immature technology
- Insufficient industry adoption of data standards



GARTNER'S HYPE CYCLE FOR EMERGING TECHNOLOGIES



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Forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events) (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the

extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

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