Lecture 18 - Insurance Companies

Insurance and Non-Fungible-Tokens (ERC-721 | NFT)

What is Insurance? What do Insurance Companies do?

In insurance, the insurance policy is a contract (generally a standard form contract) between the insurer and the insured, known as the policyholder, which determines the claims which the insurer is legally required to pay. In exchange for an initial payment, known as the premium, the insurer promises to pay for loss caused by perils covered under the policy language.

1. Identify Risks and Markets
2. Manage payments
3. Provide Initial Capital
4. Pay out claims - Pay out on terms of insurance

90% of what they do is all overhead.

Medicare - Overhead(Operating costs) less than 2%, Private 17.8%.

Percent	Item
22.1%	Drugs
20.0%	Physical Services
19.8%	Outpatient Services
15.8%	Inpatient Services
17.8%	Insurance Overhead
3.0%	Insurance Profit

856B * 17% - save 145B

Term Life Insurance

Percent	Item
61%	Pay out
11%	Product development
9%	Operations
11%	IT
8%	Sales/Costs (across industry only a 19% variance,
	6.56% to 9.52%)
	(Size, Sales Channels, Product Mix, Geography)
0%	Profit

$155 Billion a year - $48 billion opportunity - save minimum of $36B - probably closer to $45B

How it Works? Why are they still in finesse?

3 Parts with Smart contracts.

1. Future Sales Prediction Markets
2. Self managing “overhead”
3. Payout based on reliable “observers” - reputation based pay out.

Banking and KNC.

1. $100 billion at large banks for KNC
2. 17% increase in cost 2016, 18% increase in cost 2017.
3. 19% of customers say switched banks because of KNC
4. A “token” that identifies customers accurately.

www.bcg.com - First blockchain only insurance company.