

The background of the slide is a dramatic night scene. A dark, cloudy sky is filled with several bright, jagged lightning bolts that illuminate the scene. Below the clouds, a city skyline is visible, with numerous small lights from buildings and streets. The overall color palette is dominated by deep blues, greys, and the warm yellow of the city lights and lightning.

TIN

London Market Claims

Stream 3

Technology in claims

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GUIDEWIRE









Blockchain & Claims

LM Claims Conference

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What is Blockchain and why should you care?

We believe Blockchain will become a fundamental technology underlying insurance and financial institutions business processes as it has the potential to simplify the reconciliation of information and improve the customer confidence.

 <p>A Digital Ledger that keeps a record of all transactions taking place on a peer-to-peer network</p>	 <p>Immutable: All information transferred via blockchain is encrypted and every occurrence recorded, meaning it cannot be altered</p>	 <p>It is decentralised, so there's no need for any central, certifying authority</p>
 <p>It can be used for much more than the transfer of currency; contracts, records and other kinds of data can be shared</p>	 <p>Encrypted information can be shared across multiple providers without risk of a privacy breach</p>	 <p>Enabled by SMART contracts allowing for automation. Contracts become data.</p>

Problem areas Blockchain is aiming to address:

- 1) **Enabling frictionless transactions** in multi-party insurance and improve the way we delegate authority, process our claims and reconcile cash
- 2) **Enable single source** of insurance data shared with our brokers and insureds



Historic data; standard estimates



Lack of automation



Low ability to locate moving assets
real-time



Low data transparency across the
value chain



A highly manual (& paper!!)
process riddled with friction;
expensive & slow for all



Complexity - multiple parties;
supply chains; pain points

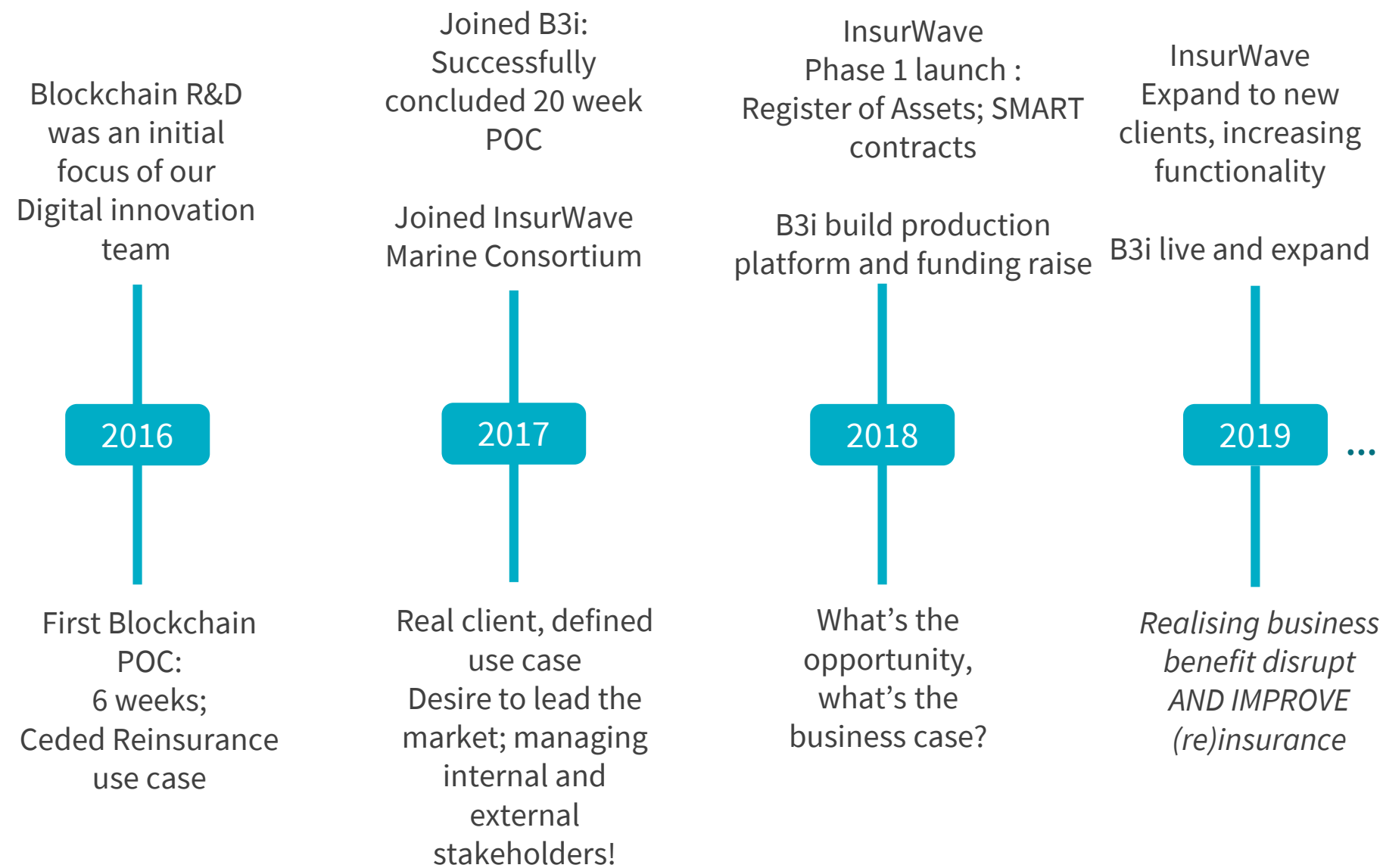


Distance between risk and capital

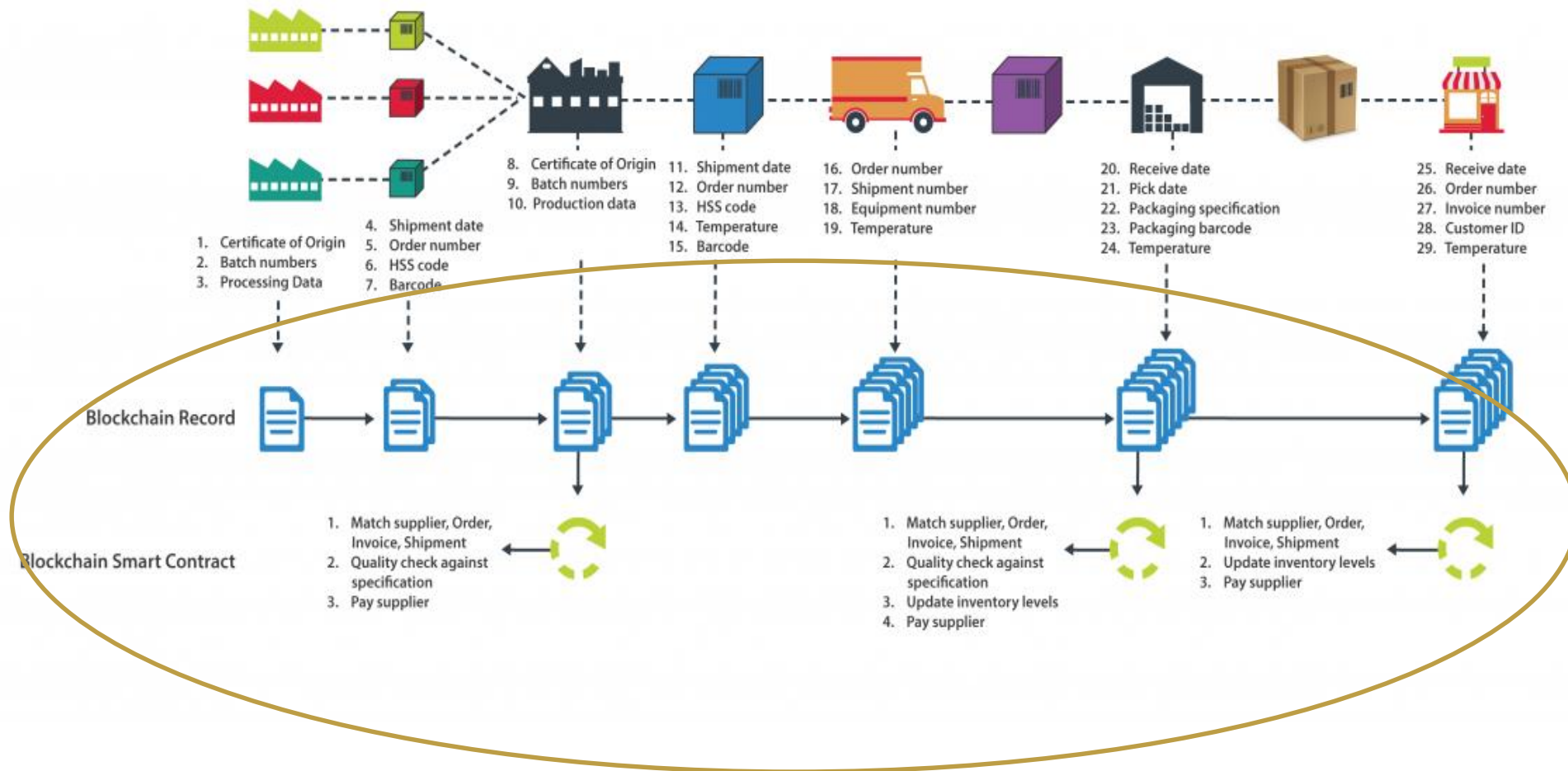


Inability to effectively monitor
accumulation and exposures

AXA XL Journey – Blockchain Experiments to Live Platforms



Blockchain – Impact on supply chain





Assets

Markets

Insurwave

Wires

Back

Assets > Markets Line > A.P. Müller 1

Back

Assets > Sub Category 1 > Contract 1 UMR-80801911212

Contract 1: UMR-80801911212

Version 2.0

In-Effect

ID/UMR:

SLTVSD/ 80801911212

Start Date-End

1 June 2017 - 31 May 2018

Type of Risk:

Marine Interest, Hull & Machinery, War

Channel & Type:

Open Market/Strain Insurance

Sum Assured:

150M

Assured:

AP Vitoria Maersk A/S, Sinopec A/S

Alerts & Notifications

Contract Details

Statements

Invoice

Statement

Timeline

Timeline with icons for events

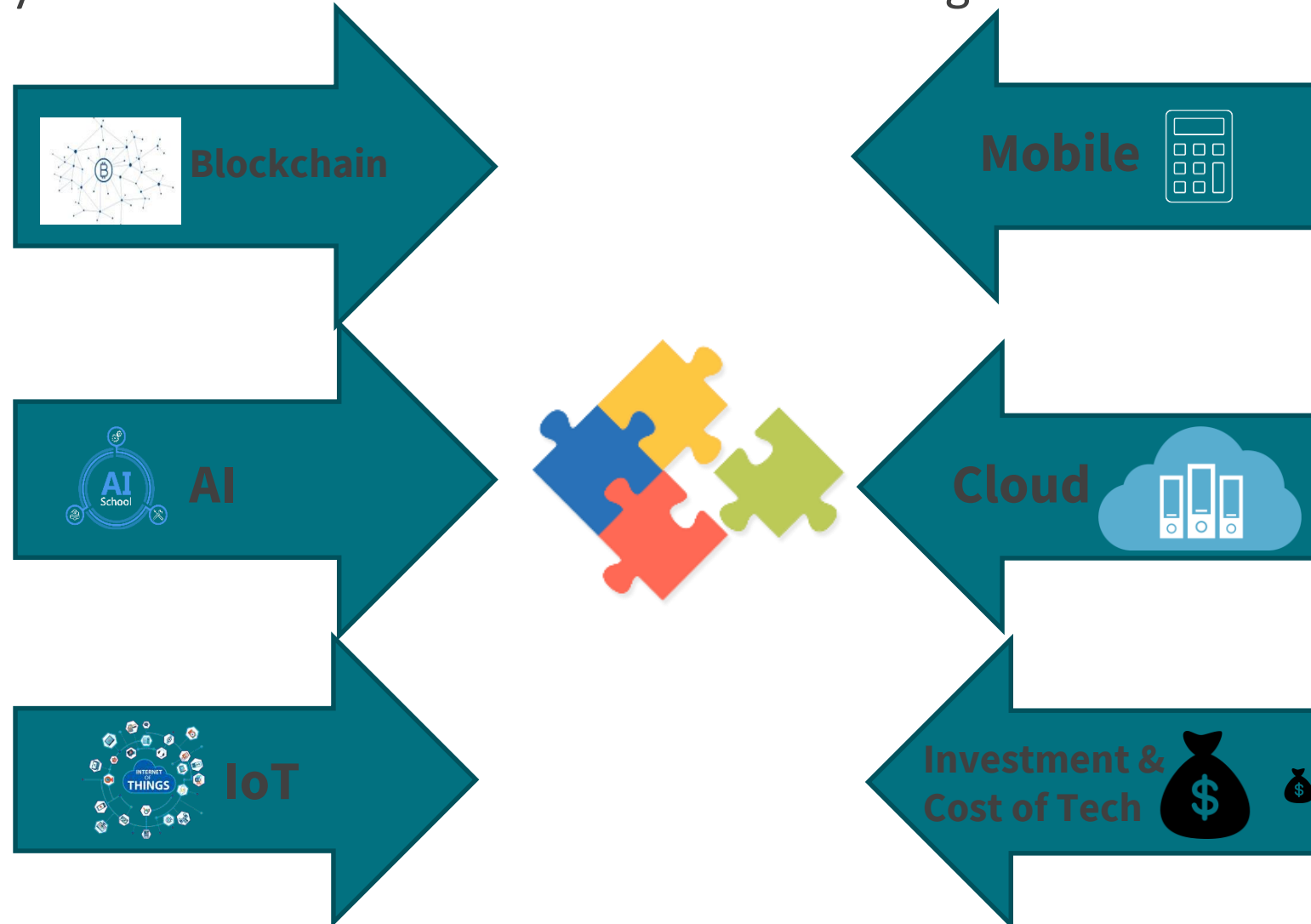
Event	Event ID	Contract Version	Event date	Period	Premium Amount	Issue Date	Due Date
Initial Payment	4400001	v1.0	21-Apr-17	Setup fee	\$400000	2018/04/21	2018/04/21
Declaration - Change of Flag	4400002	v1.0	16-Apr-17	1st Quarterly instalment	-	-	-
Declaration - Addition of Vessel	4400004	v2.0	16-Apr-17	1st Quarterly instalment	\$100000	2018/04/16	2018/04/16
Declaration - Warzone	4400003	v2.0	16-Apr-17	Adhoc - 1st Quarter	\$100000	2018/04/16	2018/04/16
Declaration - Shortage	4400006	v2.0	19-May-17	1st Quarterly instalment	\$100000	2018/05/19	2018/05/19
1st Quarterly instalment	4400007		1-Jun-17	1st Quarterly instalment			
2nd Quarterly instalment	4400008		1-Sep-17	2nd Quarterly instalment			
3rd Quarterly instalment	4400009		1-Dec-17	3rd Quarterly instalment			
4th Quarterly instalment	4400010		28-Feb-18	4th Quarterly instalment			
Final Payment	4400011		1-May-18	Termination			

- ➔ Asset location & accumulations
- ➔ A near real time asset register
- ➔ Alerts for war zones
- ➔ History of all statements, declarations, changes

Not just one tech – How does this all come together?



Why this time is different than other technologies



What problems did we solve?

Digitizing intake of the process and standardization



New data sources, additional data points, more insight, more accurate risk assessment



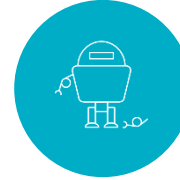
Real or near real time data for locating & **track moving assets**



Assets and **contracts as data** – with standardization



Greater proximity of **risk & capital**



Automation of some of the post-placement activity: SMART contracts



Data transparency across the value chain – holistic view

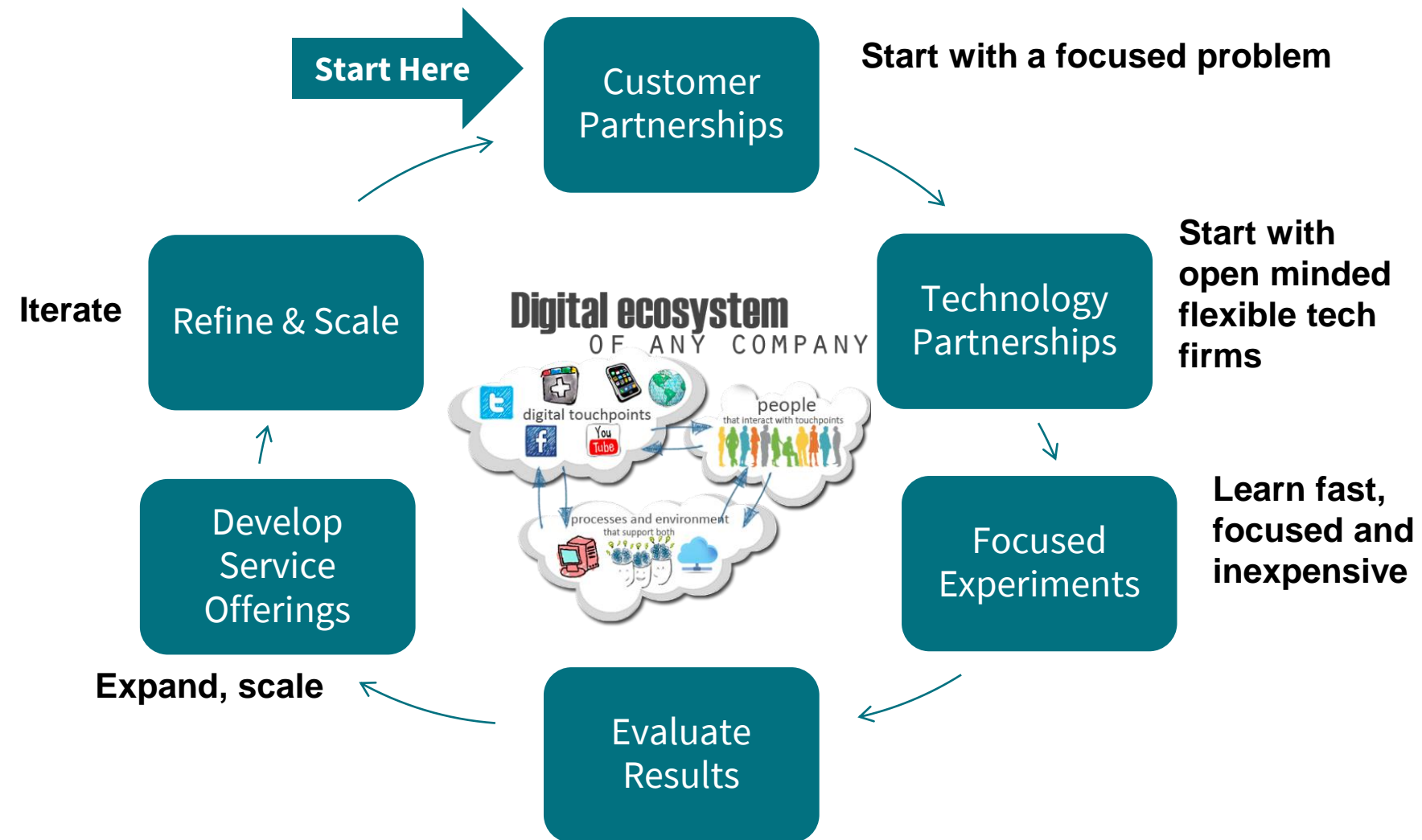


Simplicity – a **single version of the truth** across multiple parties



Effective accumulation & **exposure monitoring**

Learnings – Leveraging new technology



Claims specific example

Think of Claims processing upfront – not an afterthought

➔ Problem Identified:

- ➔ TPAs were **referring a large number of claims** to Independent Adjusters
- ➔ Independent Adjuster **costs** were high comparative to claim value
- ➔ A need to reduce **cycle times** on less complex claims

➔ Aim of POC:

- ➔ To identify whether we could use technology to **reduce IA costs and cycle time** of our claims whilst **maintaining customer service** and controlling indemnity spend

➔ How?:

- ➔ Direct **data sharing** by the Insured with insurer
- ➔ **Automation** of simple/straight through processes
- ➔ **Reduces dependency** on third party & enables faster decisions.

What have we learned; what are we still learning?

Technology & Data

How does it work?

- Interaction of multiple Blockchains
- Accuracy, consistency & security of data
- Co-existence with existing IT infrastructure
- Scalability



Regulation & Risk

How do we control the risk?

- Understanding & interaction with Regulators
- Clear data controls & permissions
- Privacy, timing & location of transactions



Organisational Change

How do we work with consortia?

- Cooperation with industry participants
- Improving operations across organisational silos
- Culture, new skills, new processes, new tasks



Disruption & Growth

How do we set up for success?

- Reimagine, not replace
- Non-traditional ROIs
- Network effect of the ecosystem & new capabilities
- How to work with clients and industry peers in new ways



Summary – What do the benefits look like?



Fundamentally **reshaped expense ratio** and value proposition between insureds and our customers.



A consistent historical record of insured information agreed with all parties **without** painful and expensive **reconciliation**– i.e. insureds objects, terms and conditions, party data, statement of values, bordereaux's, legal language.



Improved risk management & Claims management due to data transparency enabling us to offer more creative offerings and change the risk dialog with our insureds.



Businesses that have processes based on exchanging and reconciling complicated data with third parties are the targets, i.e. Reinsurance, London Markets, Global Program, Marine, Property, other supply chain risks.

Ultimately this has the potential to become a risk exchange for the industry with efficient Claims management



Thank you

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Questions

- 1. Having heard examples of technology applications in claims, what are the practical challenges you envisage having to overcome to leverage technology and improve claims service within your organisation?**

Topics for discussion could include:

- How can technology be used to compliment claims assessment processes?
- What benefits have been seen in other areas of financial services/insurance?
- How can we use technology to make claims handling more efficient?
- Do we have access to reliable and quality data?
- A lot of technology is aimed at lower value claims either to lower costs or eliminate jobs, but what is its application in high value technical claims?

- 2. Discuss the key criteria to ensure claims technology initiatives are successful – and common pitfalls to be avoided.**



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