TIN London Market Claims

Stream 3

Technology in claims

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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.

A **Digital Ledger** that keeps a record of all transactions taking place on a peer-to-peer network

Immutable: All information transferred via blockchain is encrypted and every occurrence recorded, meaning it cannot be altered

It is **decentralised**, so there's no need for any central, certifying authority

It can be used for much more than the **transfer** of currency; contracts, records and other kinds **of data** can be shared

Encrypted information can be shared across multiple providers without risk of a privacy breach

Enabled by **SMART contracts** allowing for automation. Contracts become data.

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

Low ability to locate moving assets real-time

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

Distance between risk and capital

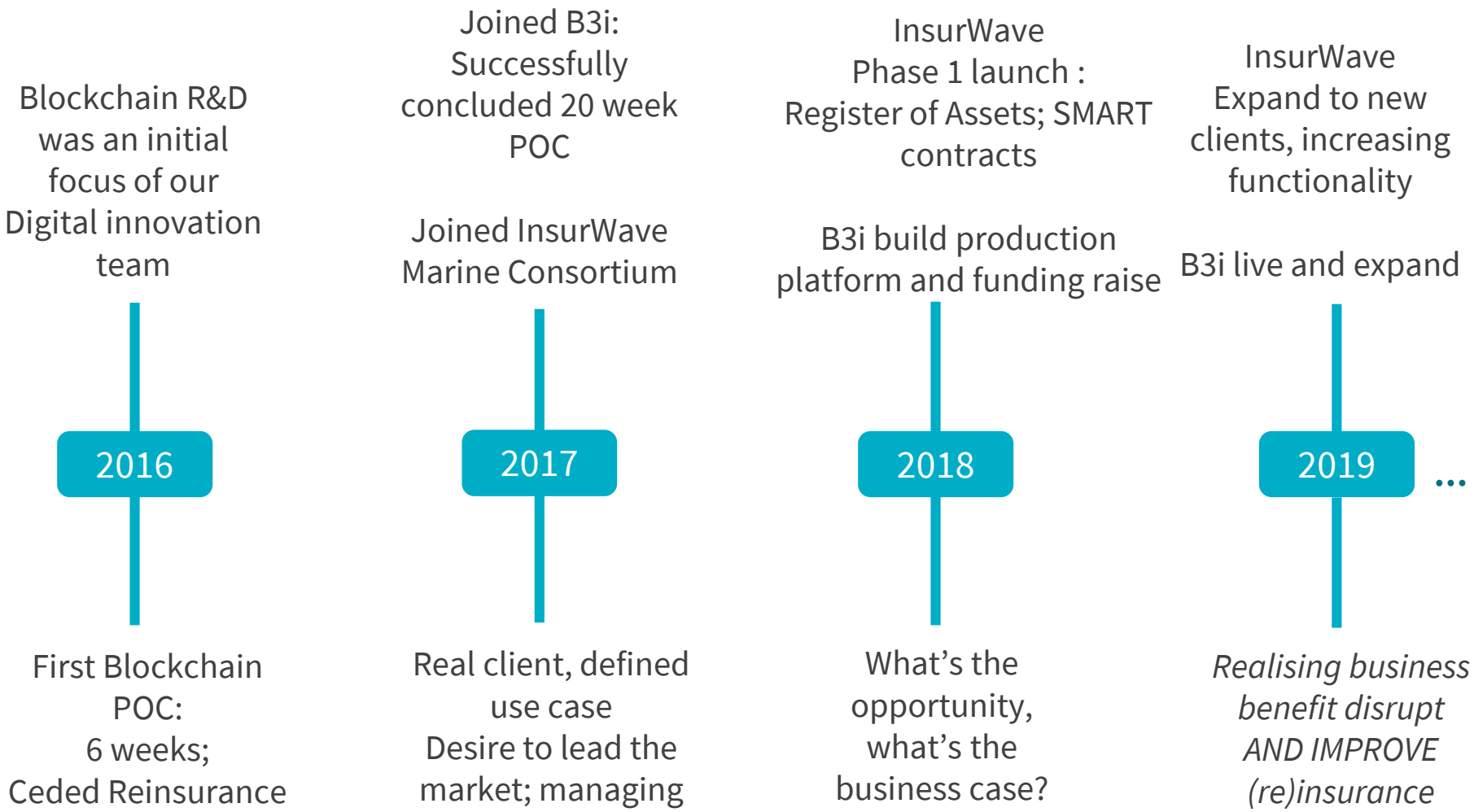
Lack of automation

Low data transparency across the value chain

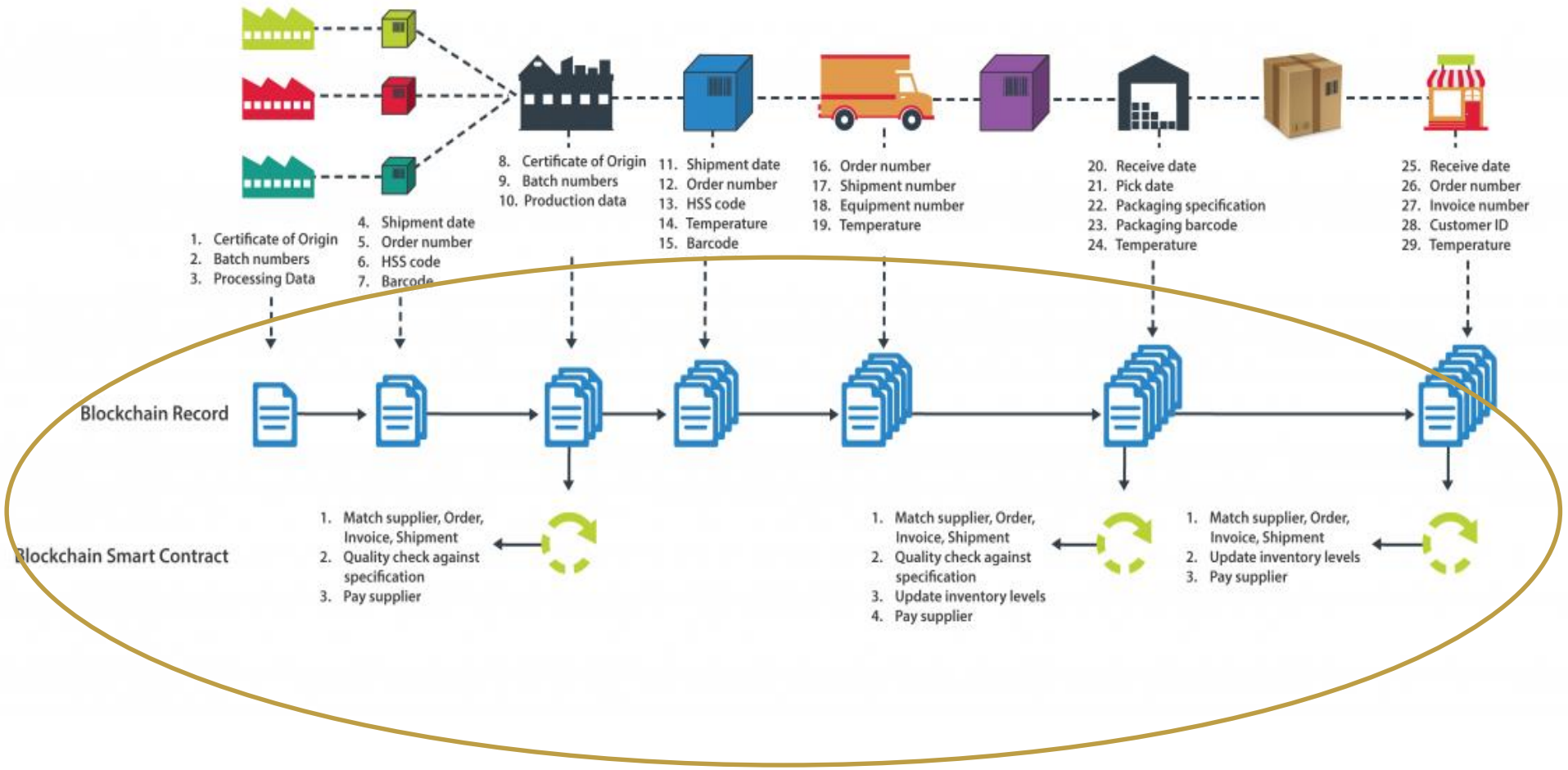
Complexity - multiple parties; supply chains; pain points

Inability to effectively monitor accumulation and exposures

AXA XL Journey – Blockchain Experiments to Live Platforms

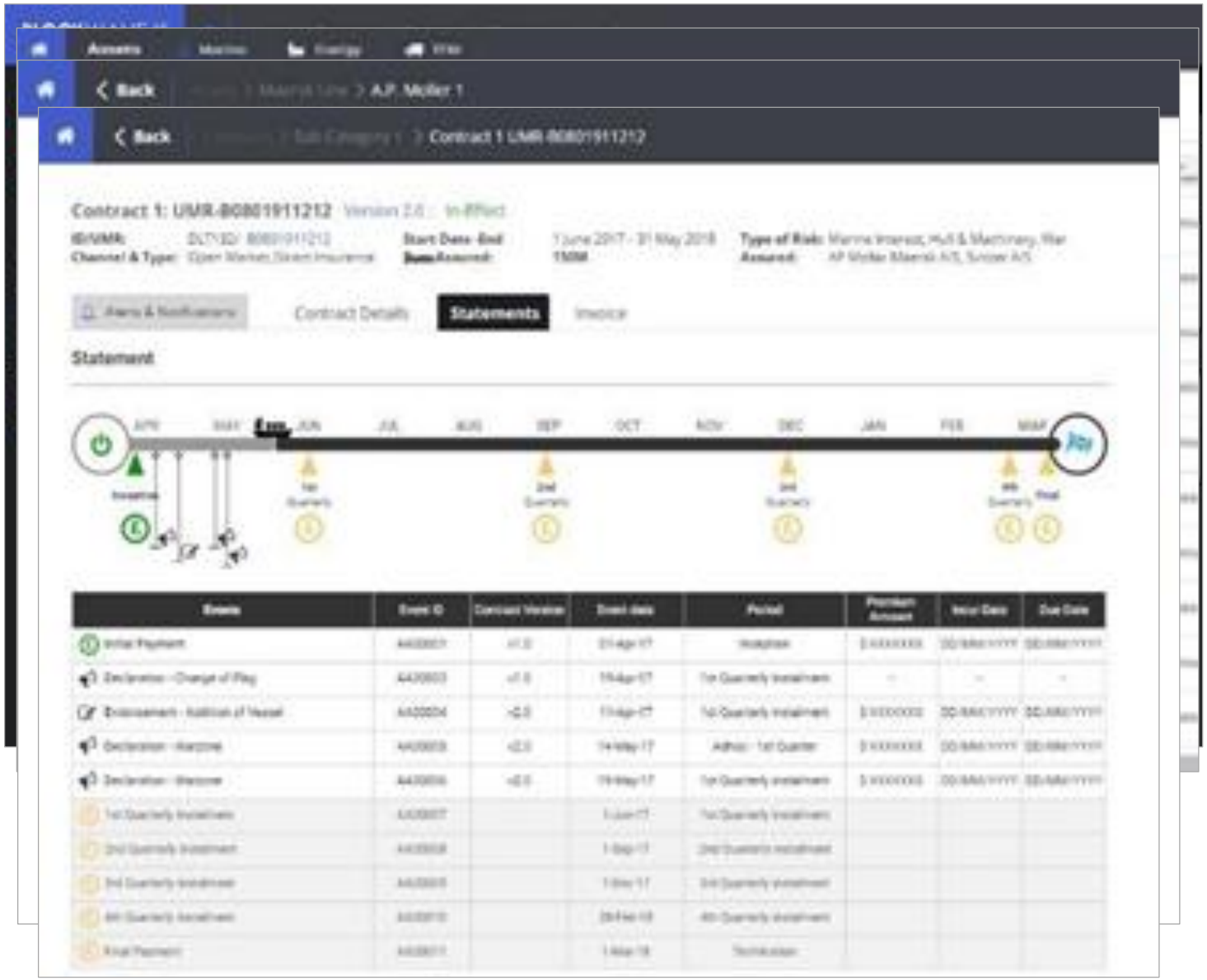


Blockchain – Impact on supply chain



Picture Credit: resolvesp.com

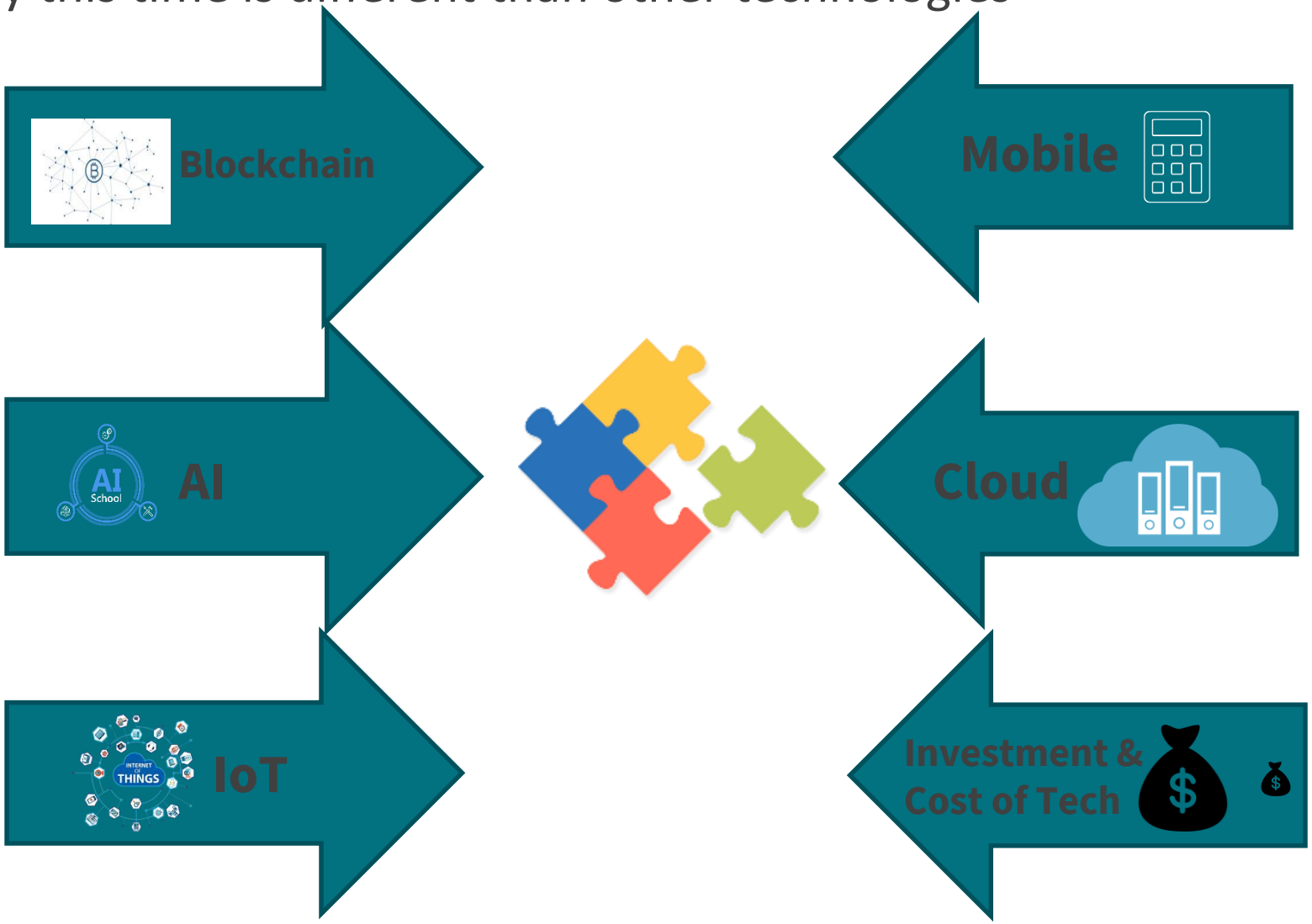
Insurwave



- 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**

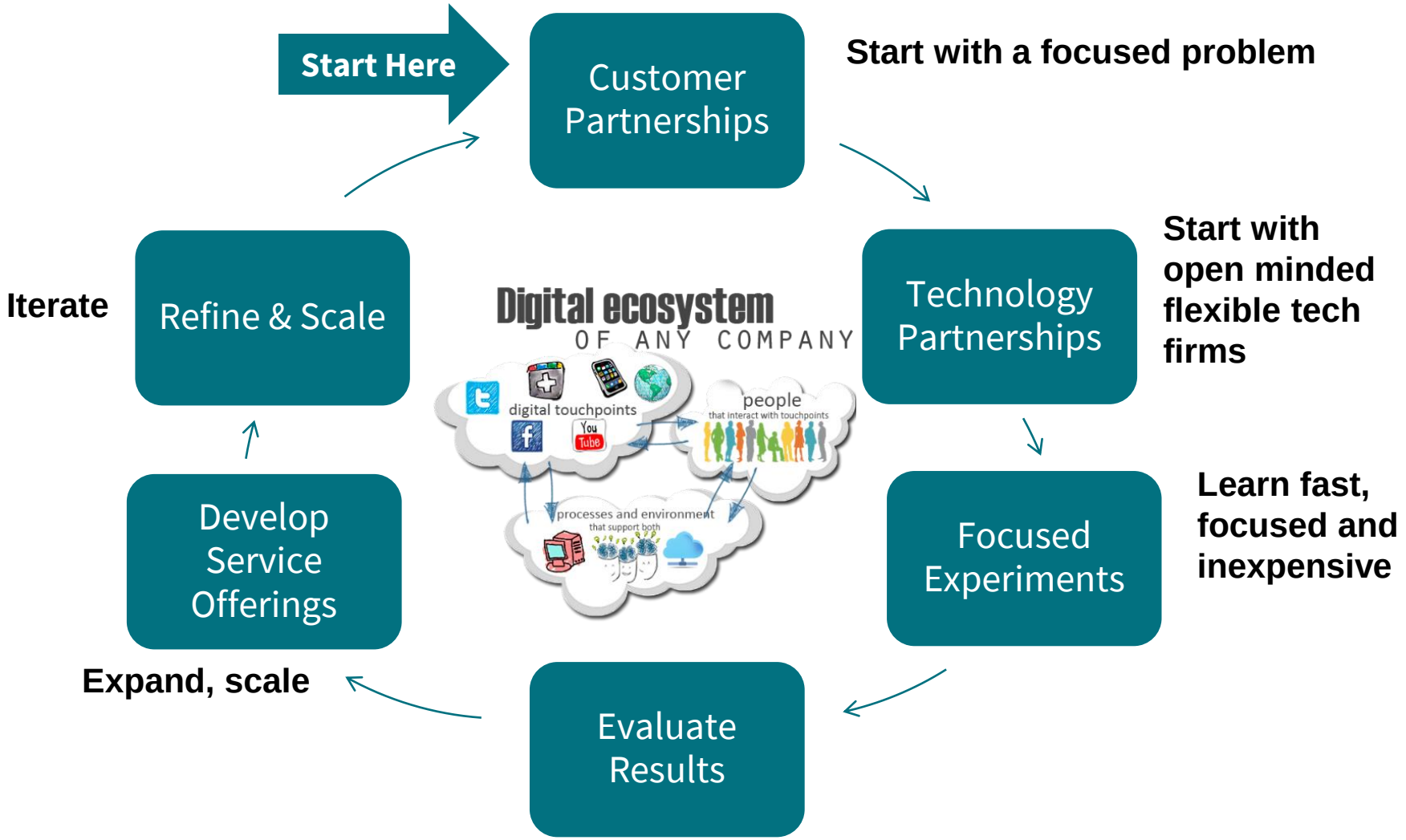
Automation of some of the post-placement activity: SMART contracts

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



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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

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.**

Thank you

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