## Current Situation

**Problems of Insurances**

* Too expensive (60-70% of premia spent on damages, ~20 % for sales)
* Too confusing (no obvious ongoing tangible value / experience)
  + Maybe keep it simple?
* **Too easy to game the system (adverse selection; contracts often written in favor of insurers)**
* **Cash drain (only 5% of people ever get paid out by an insurance)**
* Doesn't cover everything (exclusions, deductibles)
* **Doesn't cover everyone (large population groups uninsured, > 50%)**

**Problems of the Market**

* Insuretech start ups cannot establish in the market, but incumbent firms cannot adapt new technologies

## About sensors to process data

* Possible solution to gather unbiased data
* Needs to be addressed with care since fraud cannot be excluded
* telematics solutions e.g. <https://www.octotelematics.com/telematics-solutions/insurance-telematics-solutions/>
  + analysis of driving behavior
  + distraction monitoring

## Other InsurTech companies

## **Lemonade**

* Taking a fixed fee (e.g. 20% ), not a provision
  + No matter how much the insurance pays out, the bottom line stays the same
* *Application for us:* Implementing in the smart contract that the left over money does not go to the customer or the insurance firm but to a certified source 🡪 erase the incentive for an insurance company to fight losses
* Reinsurance to cover for amounts that exceeds the pool

#### How to process a claim

* Lemonade: did it based on research for example in behavioural economics etc.
* Decide on what is handled automatically and what goes further 🡪 reducing the time and the workload 🡪 smart contract implementation could be used to decide what goes through to human consideration

## **B3i**

* building a platform on distributed ledger technology to eliminate the duplication of data “**single source of truth”**
* Create a DLT based network through the adoption of standardised systems and protocols
* Through the network, enable the market to optimise processes and capital allocation and generate significant cost savings
* Offer network users a variety of integrated applications from B3i and partners
* First application on the reinsurance market

#### Key features

* In a **Distributed Ledger**, each node processes and verifies every item, thereby generating a record of each item and creating a consensus on each item's veracity. A distributed ledger can be used to record static data, such as a registry, and dynamic data, i.e., transactions.
* **Smart Contracts** are capable of automatically validating a condition and it will automatically determine whether an 'asset' should go to a nominee or back to source, or a combination thereof. As part of the process the decentralised ledger also stores and replicates the document ensuring security and immutability.
* **Immutability** is the ability for a Blockchain ledger to remain a permanent, indelible, and unalterable history of transactions. Crucially immutability has the added benefit of ensuring trust and integrity to the data businesses record everyday.
* **Consensus** ensures relevant information is shared to only defined parties across a node; effectively only parties involved in a contract have access to the same information as it is updated.
* **Secure** distributed ledger technology ensures greater security for transactions on the node due to its decentralised nature and immutability.