Re X

Reinsurance Exchange

OBJECTIVE

Democratise reinsurance

Open up a secondary market and create a new asset class

OPPORTUNITY

Insurance companies buy reinsurance for a number of reasons, the primary drivers being:

Limit their level of risk

Efficient capital management

OPPORTUNITY

Inefficient: Reinsurance buying process is administratively heavy and bureaucratic

Introduces unnecessary costs

Inaccessible: Only available to institutions and professionals.

The buying market is limited to reinsurance companies and capital markets, basically large institutional players with big capacity for risk taking.

Existing policyholders and small investors don't have access.

Incomplete: Data is only available at portfolio level.

Underlying policy information is limited.

No access to the details of the underlying insurance policies.

VALUE PROPOSITION

Transparent: Reinsurance pricing could be based off more transparent data, pricing would be more efficient.

Democratising the buying and selling of reinsurance can open up more capital to the reinsurance market and reduce prices.

Part of the return could be shared back with end customers, creating a quasi mutual.

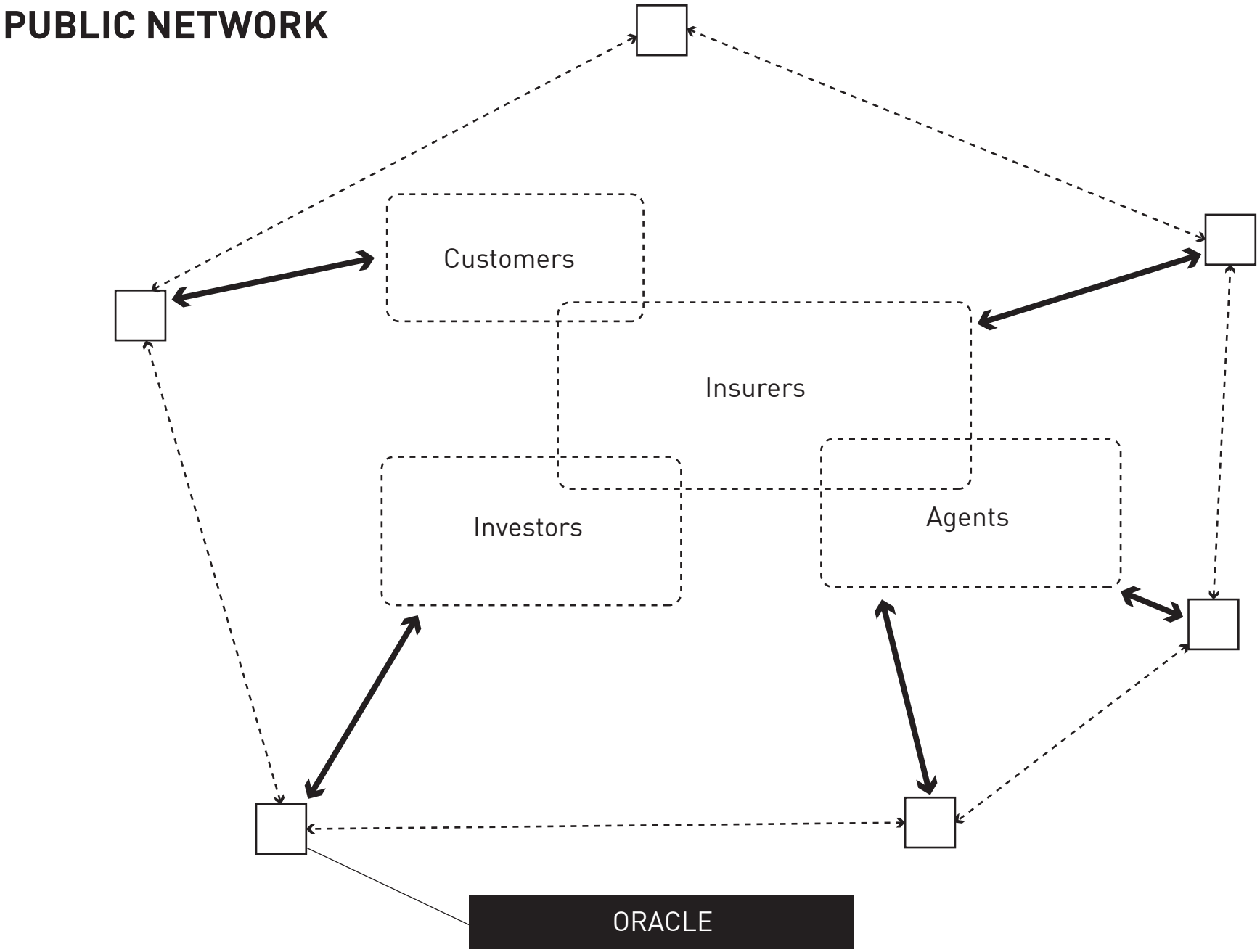
Efficient: Efficiencies create savings in administrative costs

Along with reducing fraudulent claims to decrease costs of claims to the insurer making them more competitive.

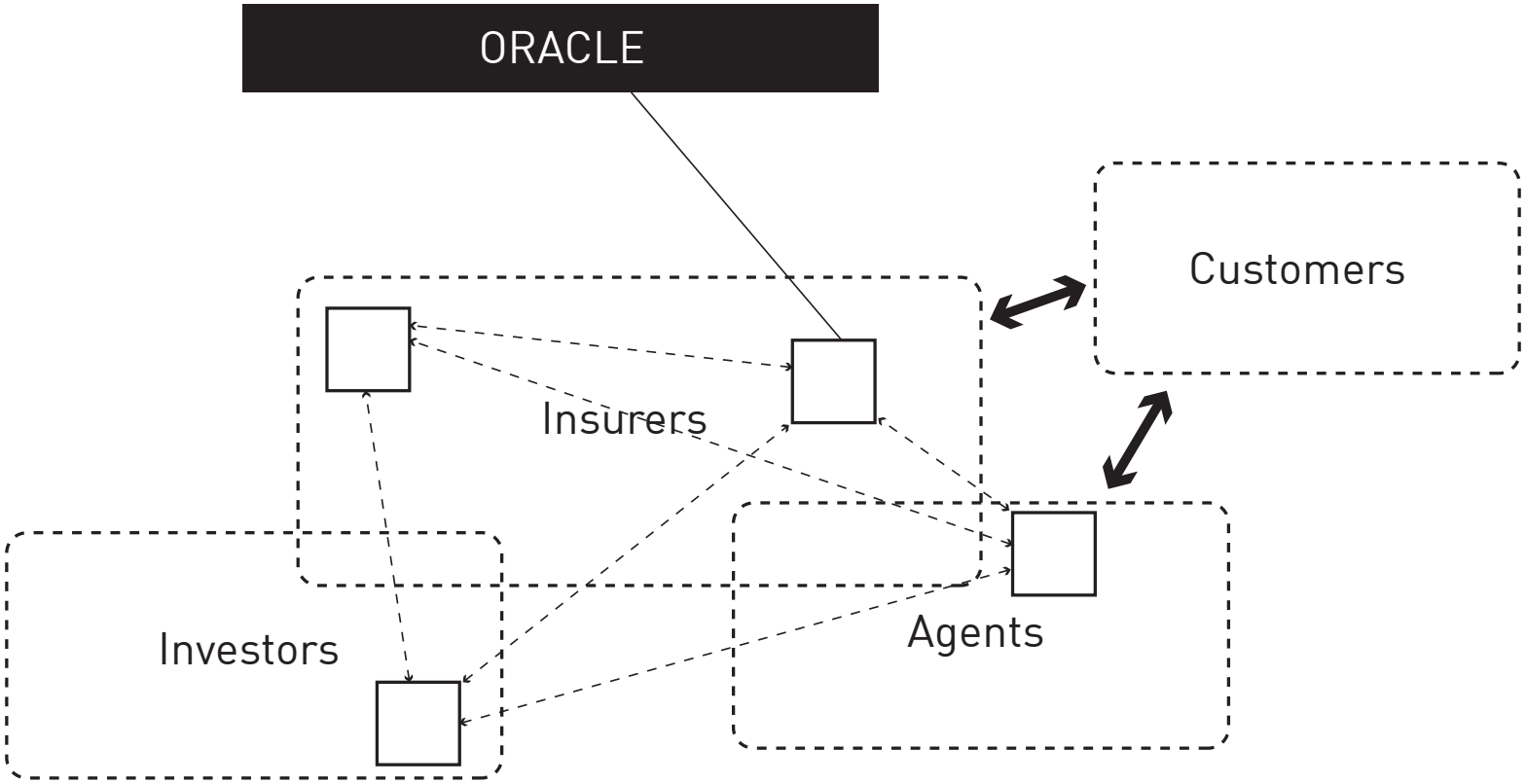
Hence savings to the customer, allowing a more competitive insurance market place.

Main benefit to the insurer is lower reinsurance prices, directly increasing bottom line profitability.

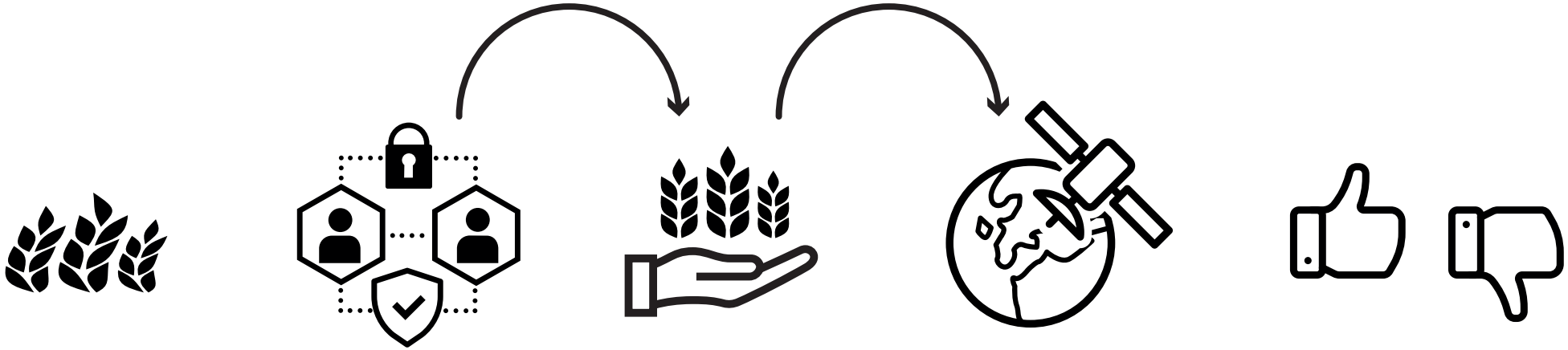
Automated: Under writing can take place on chain, verification of claims can use oracle's and claims can be paid immediately.


PUBLIC NETWORK
Customers
Insurers
Investors
Agents
ORACLE

SEMI-PRIVATE NETWORK

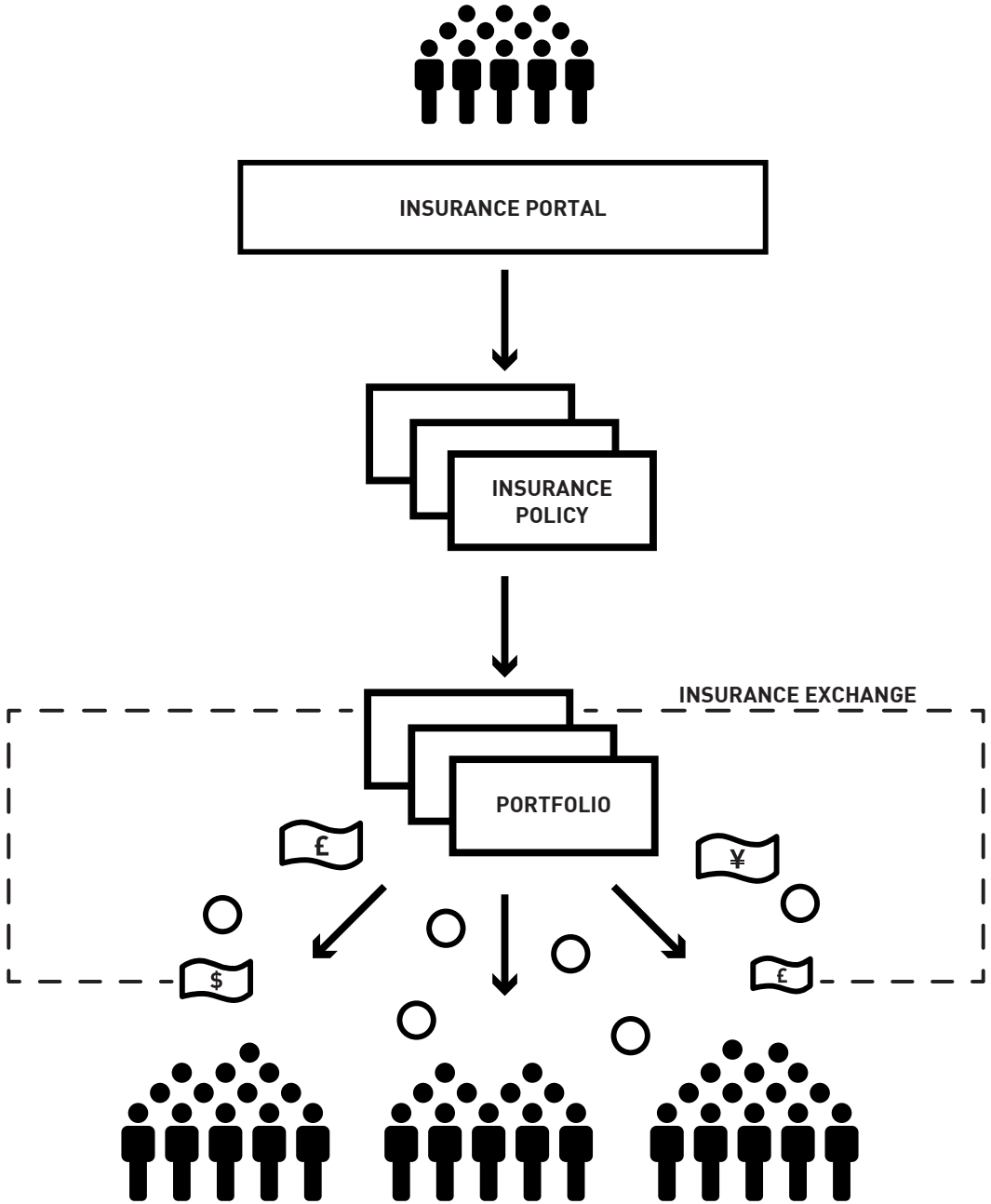


HOW IT WORKS

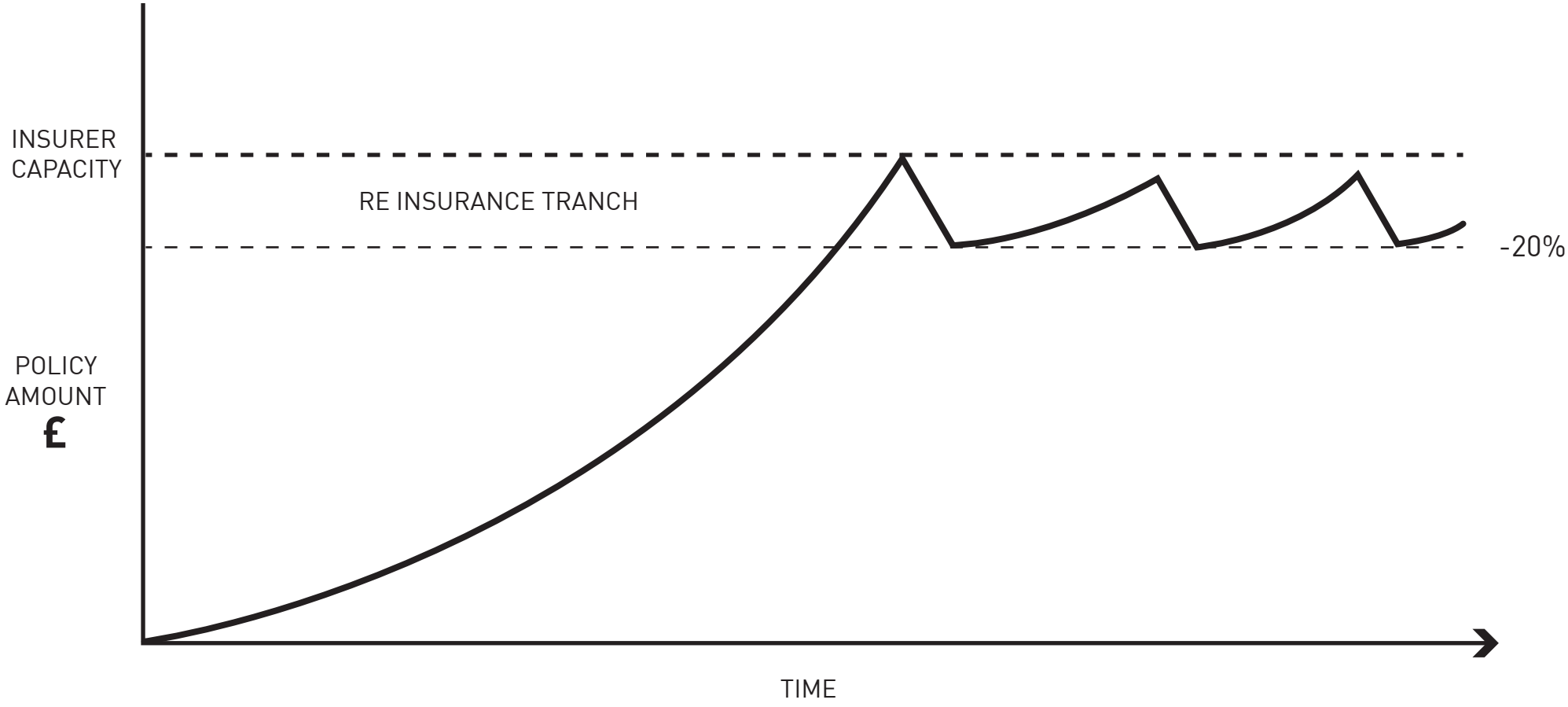


1. Crop fails
2. Blockchain verified insurance policy
3. Insurance company
4. Oracle verifies weather & satalite imagery
5. Claim is accepted or denied

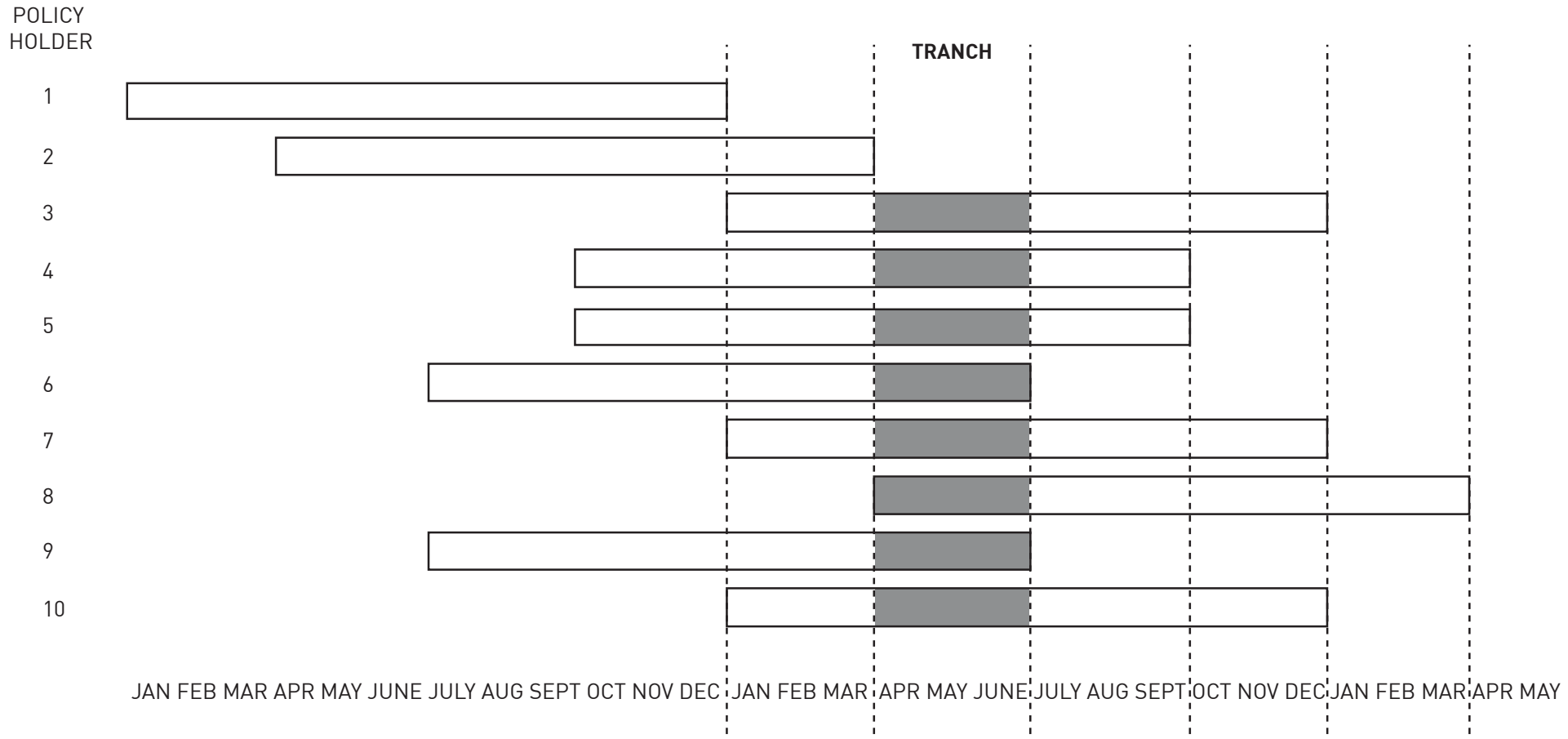
HOW IT WORKS


INSURANCE PORTAL
INSURANCE POLICY
INSURANCE EXCHANGE
PORTFOLIO
£
¥
$
£

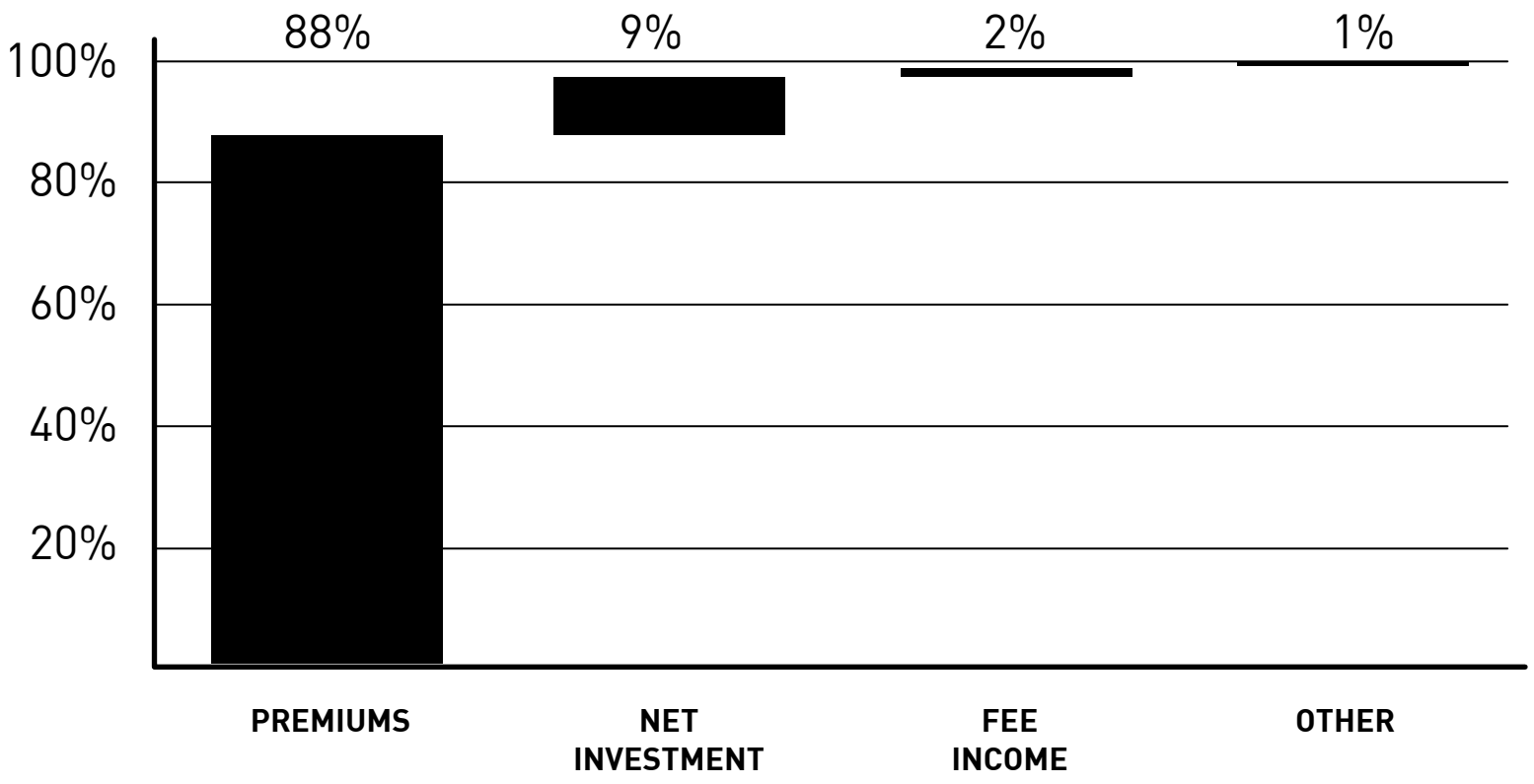
HOW IT WORKS


INSURER
CAPACITY
RE INSURANCE TRANCH
-20%
POLICY
AMOUNT
£
TIME

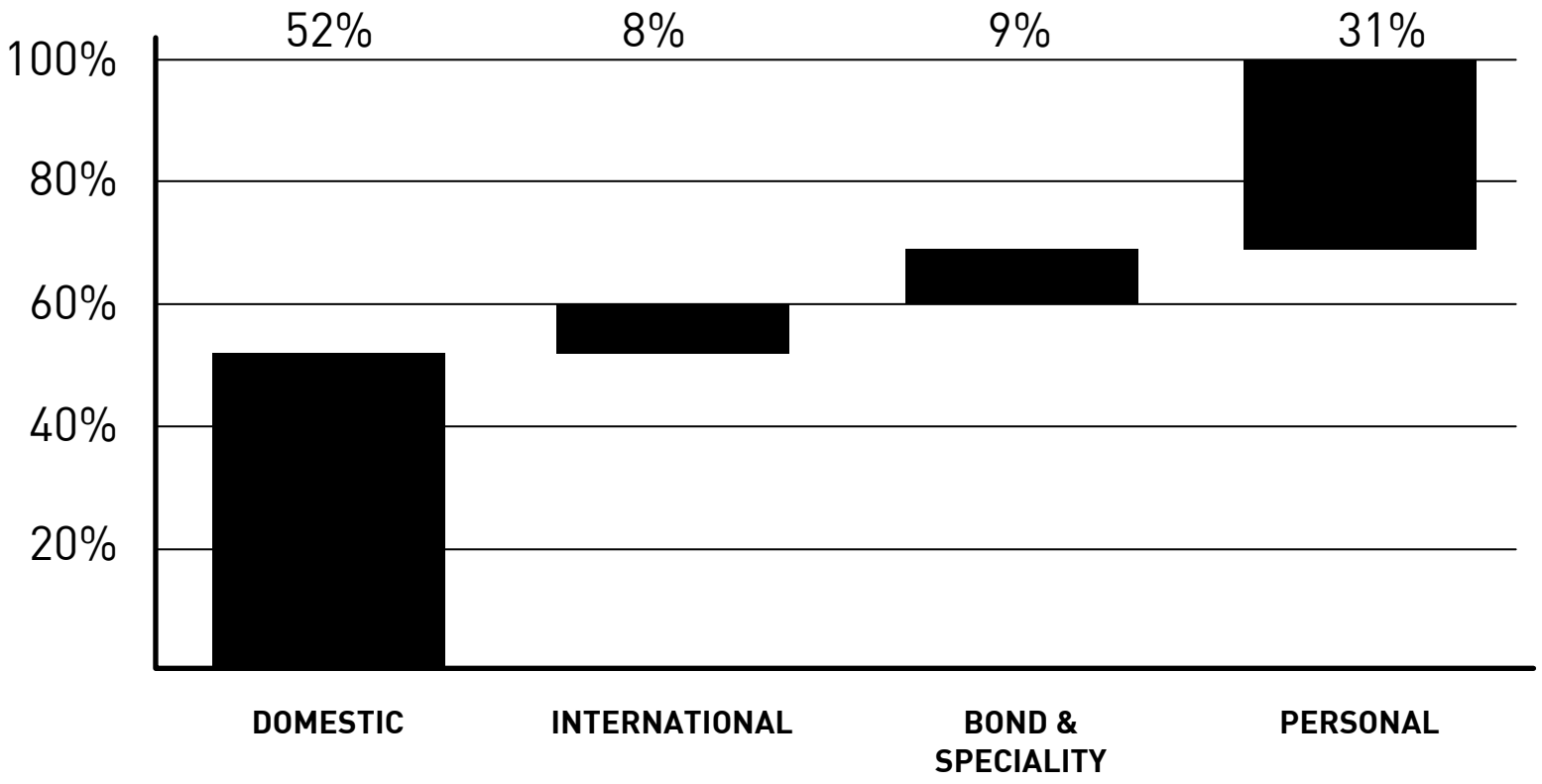
HOW IT WORKS


POLICY HOLDER
TRANCH
1
2
3
4
5
6
7
8
9
10
JAN FEB MAR APR MAY JUNE JULY AUG SEPT OCT NOV DEC JAN FEB MAR APR MAY JUNE JULY AUG SEPT OCT NOV DEC JAN FEB MAR APR MAY

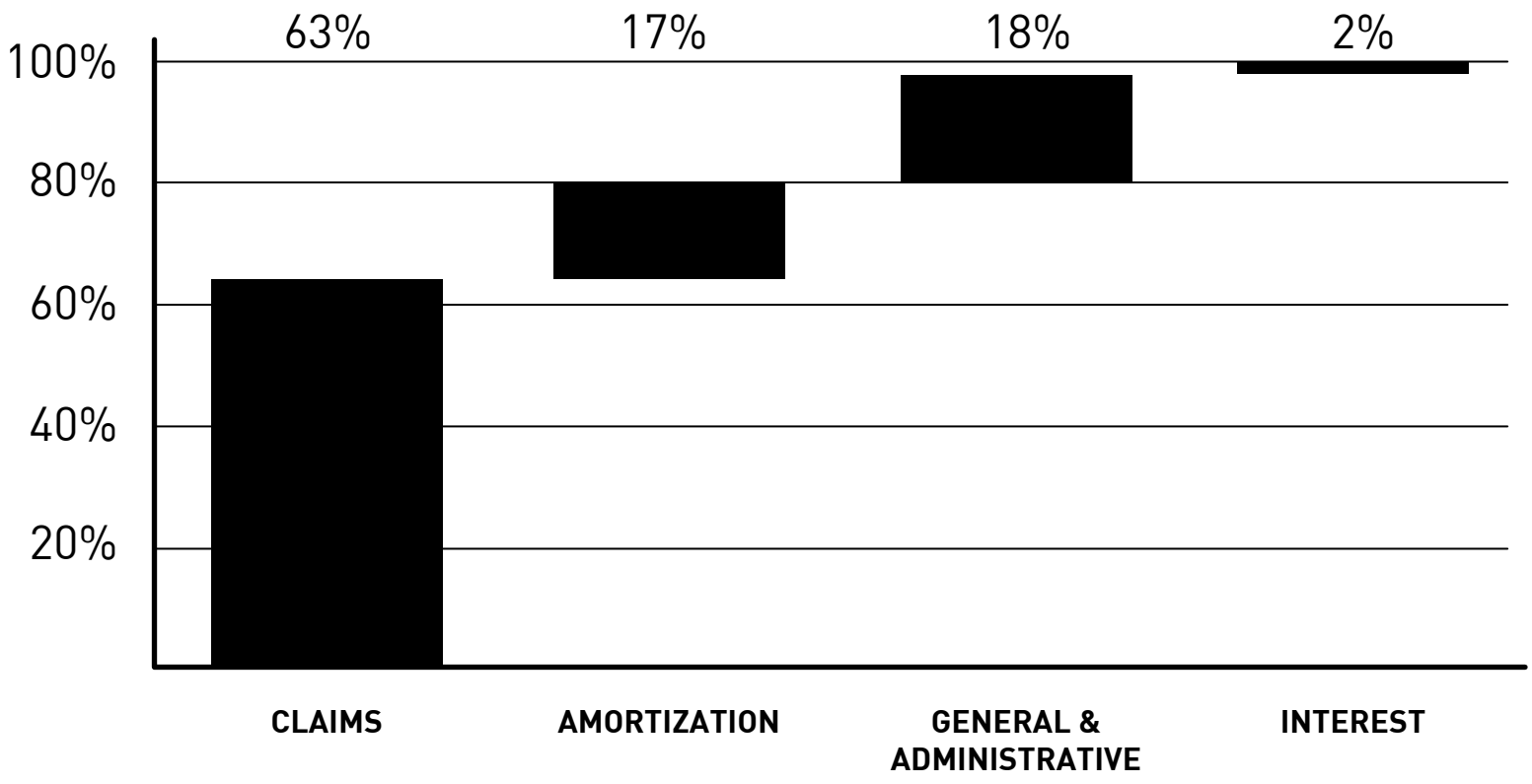
REVENUE STREAMS



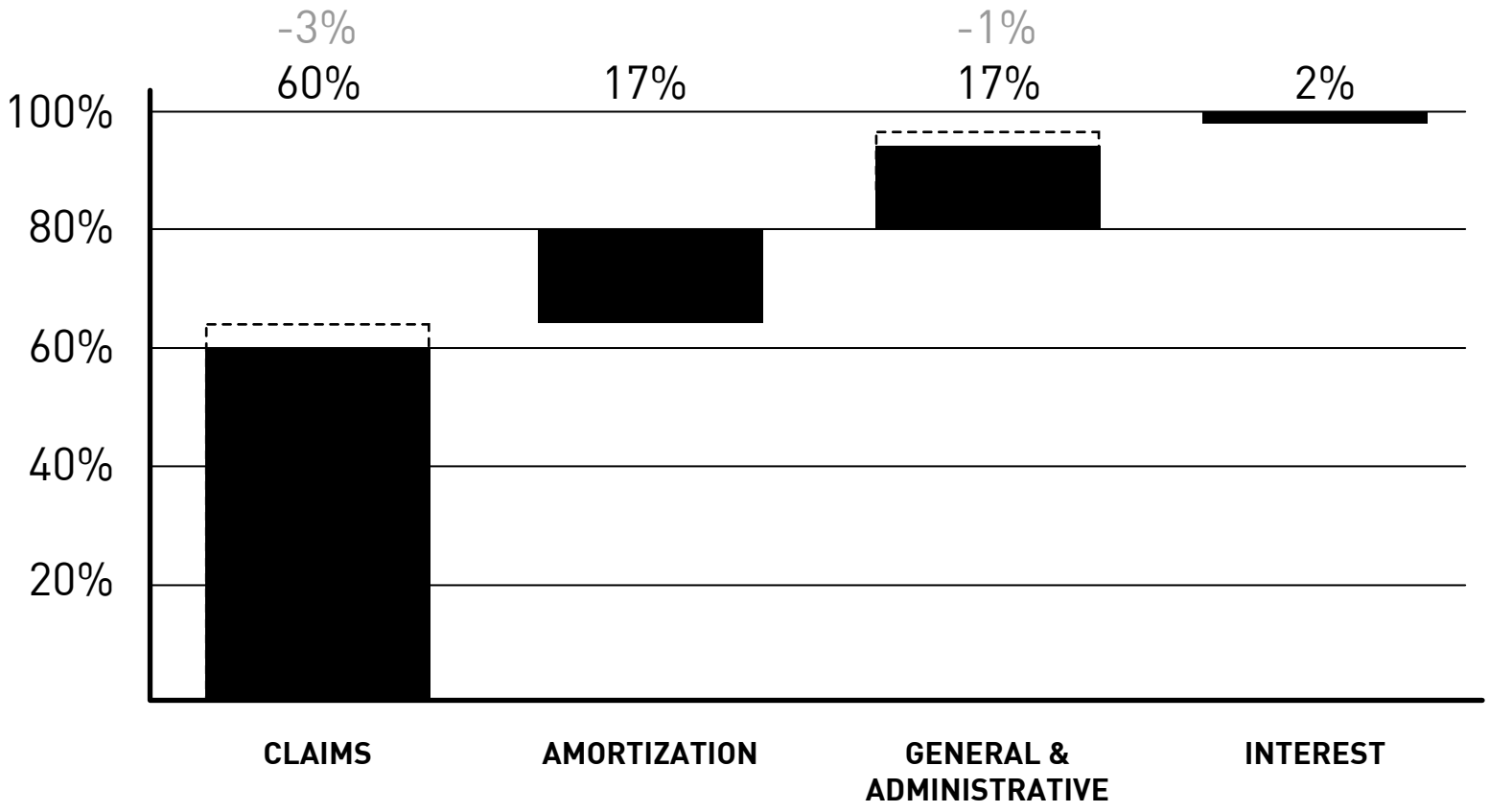
PREMIUMS BREAKDOWN



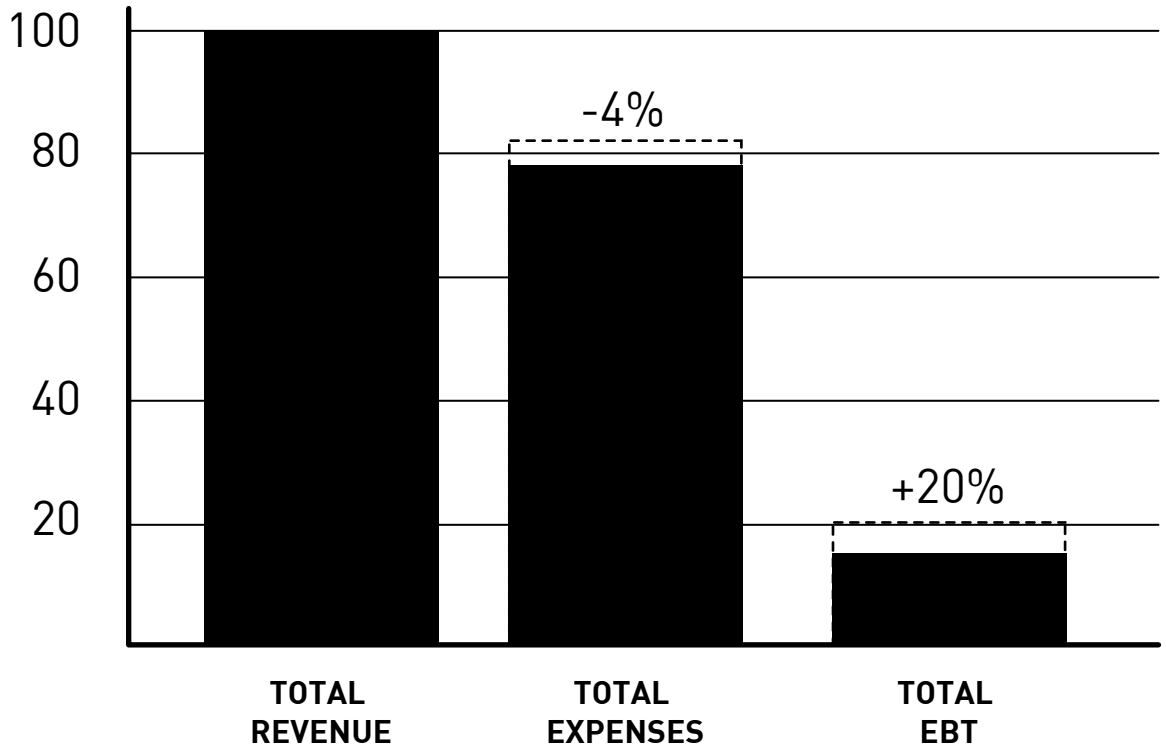
EXPENSES


63%
17%
18%
2%
100%
80%
60%
40%
20%
CLAIMS
AMORTIZATION
GENERAL & ADMINISTRATIVE
INTEREST

EXPENSES


-3%
-1%
60%
17%
17%
2%
100%
80%
60%
40%
20%
CLAIMS
AMORTIZATION
GENERAL & ADMINISTRATIVE
INTEREST

REVENUE - EXPENSES (EBT)



HOW IT WORKS

Tokenised Reinsurance Contract

1. Insurer issues a contract representing a pool if insurances, seeds it with initial money
2. Clients are assigned to contract and upon a payment of premium are added to insured list
3. When a required pool size is reached, insurer issues tokens (ERC20 standard) that it posts on an insurance exchange (open or restricted market)
4. Participants purchase tokens from the insurer and the tokens represent a fraction of the contract money pool and premiums
5. Insurer can retain a fraction of the tokens, as per its own strategy and can determine the price of tokens initially
6. Tokens can be traded in secondary market, with value affected by the number of open claims, risk profile, time to expiry
7. Upon expiry of pool participants can trade their tokens for the money+premium stored in pool

Claim Process

1. When claim is raised, its outcome is referred to authority
2. Flavours of contract (manually authorized, oracle-based) allow choice of either using authorized individuals and groups (single, committee, vote pool) or automated claim review (via data source available through oracle)
3. Successful claim allows the customer to withdraw the amount insured