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# Growing insurance consortium eyes industry-wide blockchain



By Brenna Hughes Neghaiwi | ZURICH

A consortium set up to explore the use of blockchain technology in the insurance industry plans to announce several new members in the coming weeks, and by 2018 could create an organization to manage contracts and claims, an executive involved told Reuters.

Proponents of blockchain - the database technology that underpins bitcoin - believe it could transform the insurance industry through a shared, transparent record of information, allowing for data transfers in seconds and streamlining communications and transactions.

The Blockchain Insurance Initiative (B3i) was created by the world's two largest reinsurers, Munich Re ([MUVGn.DE](#)) and Swiss Re ([SRENH.S](#)) along with insurers Aegon ([AEGN.AS](#)), Allianz ([ALVG.DE](#)) and Zurich ([ZURN.S](#)).

A growing number of members see potential for an organization that could take on an exchange role, similar to the Society for Worldwide Interbank Financial Telecommunication (SWIFT) between banks.

"It's significantly enlarged and truly international in scope — all the way from Asia through to the Americas," Paul Meeusen, who leads the B3i project at Swiss Re, told Reuters on the sidelines of a blockchain conference.

The consortium will begin testing its database in eight weeks and present results in mid-June, Meeusen said.

If the prototype performs as hoped, the group could create a separate operating entity in 2018, he said.



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Since the technology creates a shared ledger of transactions that is virtually tamper-proof, it eliminates disparities in claims processing, doing away with back and forth between reinsurers and insurers until they agree on claims.

It would also ensure consistent and transparent contracts.

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If signatories end up with slightly differing versions or disagree whether another party has received updates to a contract, it can be costly as well as time-consuming.

Disparities in fine print led to a \$3.5 billion dispute when two planes flew into the World Trade Center in Manhattan on September 11, 2001.

At the time of the attacks, details of the insurance policy were still being worked out. Two different versions were in circulation, triggering a disagreement over whether the destruction of the Twin Towers constituted one or two insured events resulting in a single or double payout.

The dispute was settled after a five-year legal battle by a New York appeals court, which ruled in the insurers' favor.

Tough market conditions and a lack of industry-wide data standards has driven B3i's work, Meeusen said.

"If we don't move, it could well be that technology companies will move, and they will start offering insurance," Meeusen said.

"If the growth is going to come from high-growth markets, we start realizing that pushing the old machinery into the new markets may not work. We have to reinvent ourselves, our processes and the customer experience."

(Reporting by Brenna Hughes Neghaiwi; Editing by Elaine Hardcastle)

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