B3i – What Are The Benefits For The Insurance Industry

7th AIDA Europe Conference, Warsaw 12-13 April 2018

Evolution

Founded by 15 members under MOU
to jointly explore potential of Blockchain
to improve efficiency in transactions and processes

Market testing phase expanded network
by 23 members to test prototype
(27% ceded and 51% reinsurance premiums market share)

| Oct 16 **Founded** | Dec 16 **Expanded to 15 members** | June 17 **Prototype completed** | Sep 17 **Monte Carlo launch** | Oct 17 **Joined by 23 market testers** | March 18 **Incorporation** |

Incorporation

- Transition from consortium to legal entity complete

- Incorporated in Zurich on 23rd March 2018

- Enable greater agility in decision making and to launch commercial solutions to the market

- Further funding round open April – September

- Wide representation expected across market participants and geographically

- Philosophy of developing solutions "by the market, for the market"

Founding shareholders

Vision and objectives

"B3i's vision is to deliver a re/insurance ecosystem enabling participants to create innovative products and services, which increases the relevance, accessibility and affordability of insurance for consumers"
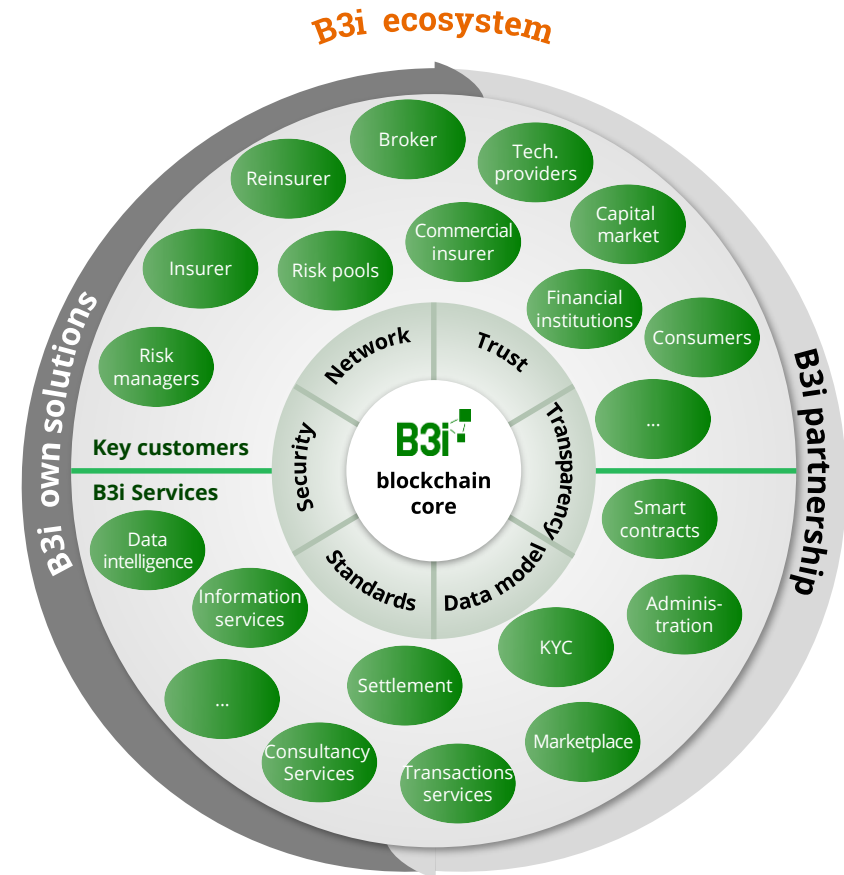
Quality
Increased quality and trust through common standards, data & insight, resilience and strengthened security
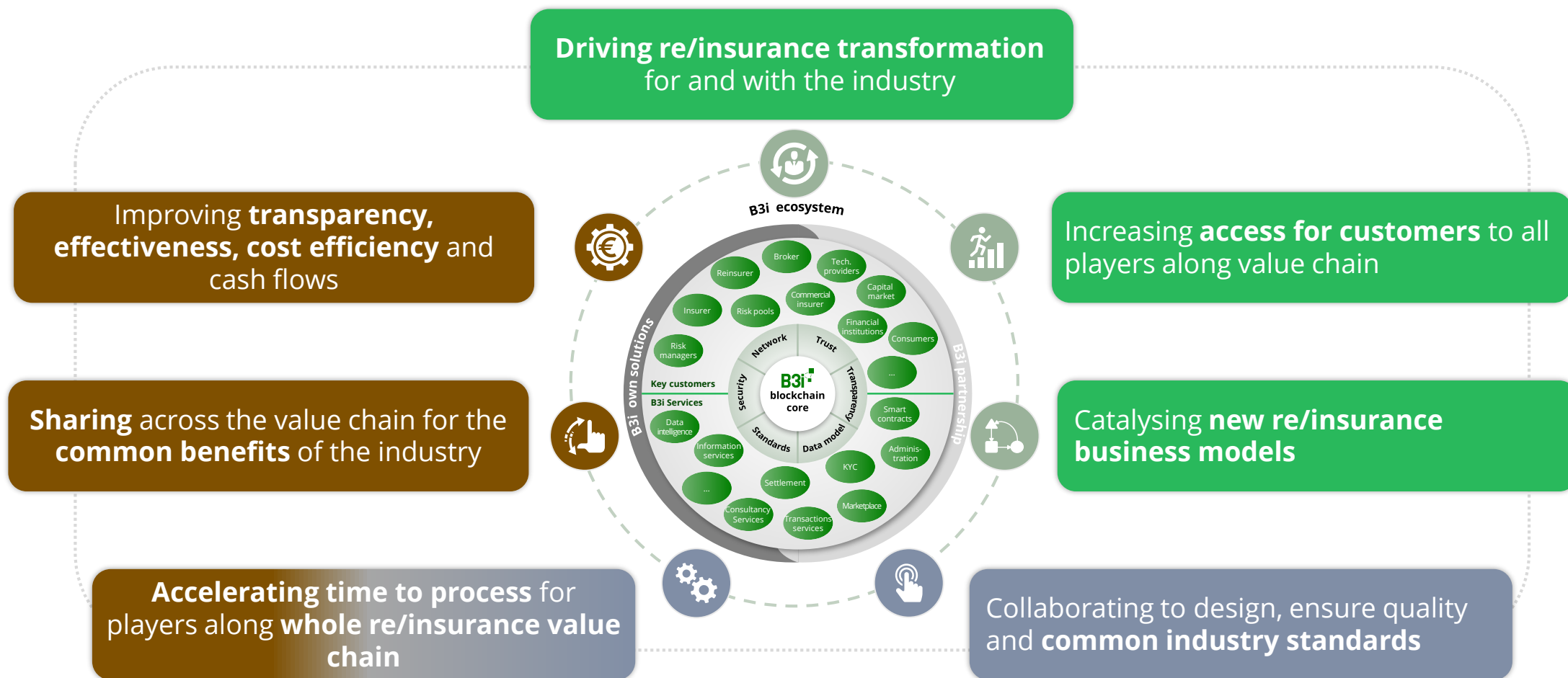
Efficiency
Reducing friction to save (administrative) cost and offering easier trading of risks

Growth
Facilitating profitable growth through market access (network), innovation and new business

B3i value proposition

By the market, for the market

Driving re/insurance transformation for and with the industry

Improving **transparency, effectiveness, cost efficiency** and cash flows

Increasing **access for customers** to all players along value chain

Sharing across the value chain for the **common benefits** of the industry

Catalysing **new re/insurance business models**

Accelerating time to process for players along **whole re/insurance value chain**

Collaborating to design, ensure quality and **common industry standards**

B3i ecosystem

B3i own solutions

B3i partnership

Network
Trust
Security
Transparency
Standards
Data model

B3i blockchain core

Key customers
B3i Services

Reinsurer
Broker
Tech. providers
Capital market
Commercial insurer
Insurer
Risk pools
Financial institutions
Consumers
Risk managers
...
Smart contracts
Data intelligence
Administration
Information services
KYC
...
Settlement
Marketplace
Consultancy Services
Transactions services

Growth play | Quality | Efficiency play

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B3i Current Priorities

Incorporation, funding and development

- **Incorporation**:
  Complete set-up of operations in Switzerland (migration of development resources from Munich)

- **Investor marketing:**
  "Round 2" funding to attract further investment from the founding companies and a wide industry population – expected to start April 2018; investor roadshows and book building

- **Development:**
  'Codex 1' – an industrial strength Property Cat XL – ready to accept contracts by Sep 2018; future roadmap development

- **Sales and marketing:**
  Community membership and customer proposition; delivery of business model and onboarding; brand building and awareness campaigns; conferences and events

Blockchain & Ecosystem Benefits

Blockchain Principles

- Reduced costs
- Trusted transactions
- No third party involvement
- Unalterable/immutable
- Realtime tracking
- Cryptographically secure
- No single point of failure
- Transparency
- Smart contracts

B3i Backbone Platform

- Transparent, immutable and secure multi-party transactions
- Encrypted channels ensuring privacy
- Single self-executable smart contract for premium calculation and event triggered claims settlement
- Generic infrastructure for processing smart contracts
- Reduced contract processing costs
- Digital signatures avoid relying on a central authority
- Easily auditable transactions and processes

Regulator perspective

- Generally technology-neutral; regulate activities and focus on customer outcomes rather than technology
- Eye on new operational risks e.g. specifics of the privacy model, data retention and private key management.
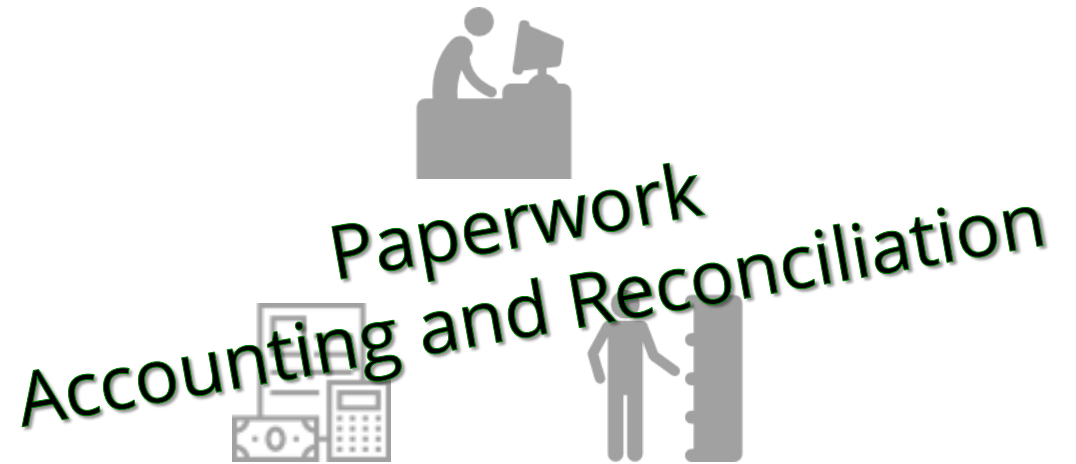
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Insurance Opportunity

Blockchain offers the promise to refocus our effort on our core mission

Mission

Providing protection

Reality

Paperwork
Accounting and Reconciliation

Insurance value chain full of frictional costs

Complex manual work and inefficiencies across value chain

Overly complex and expensive

Policy Holder → **Insurer** → **Reinsurer**
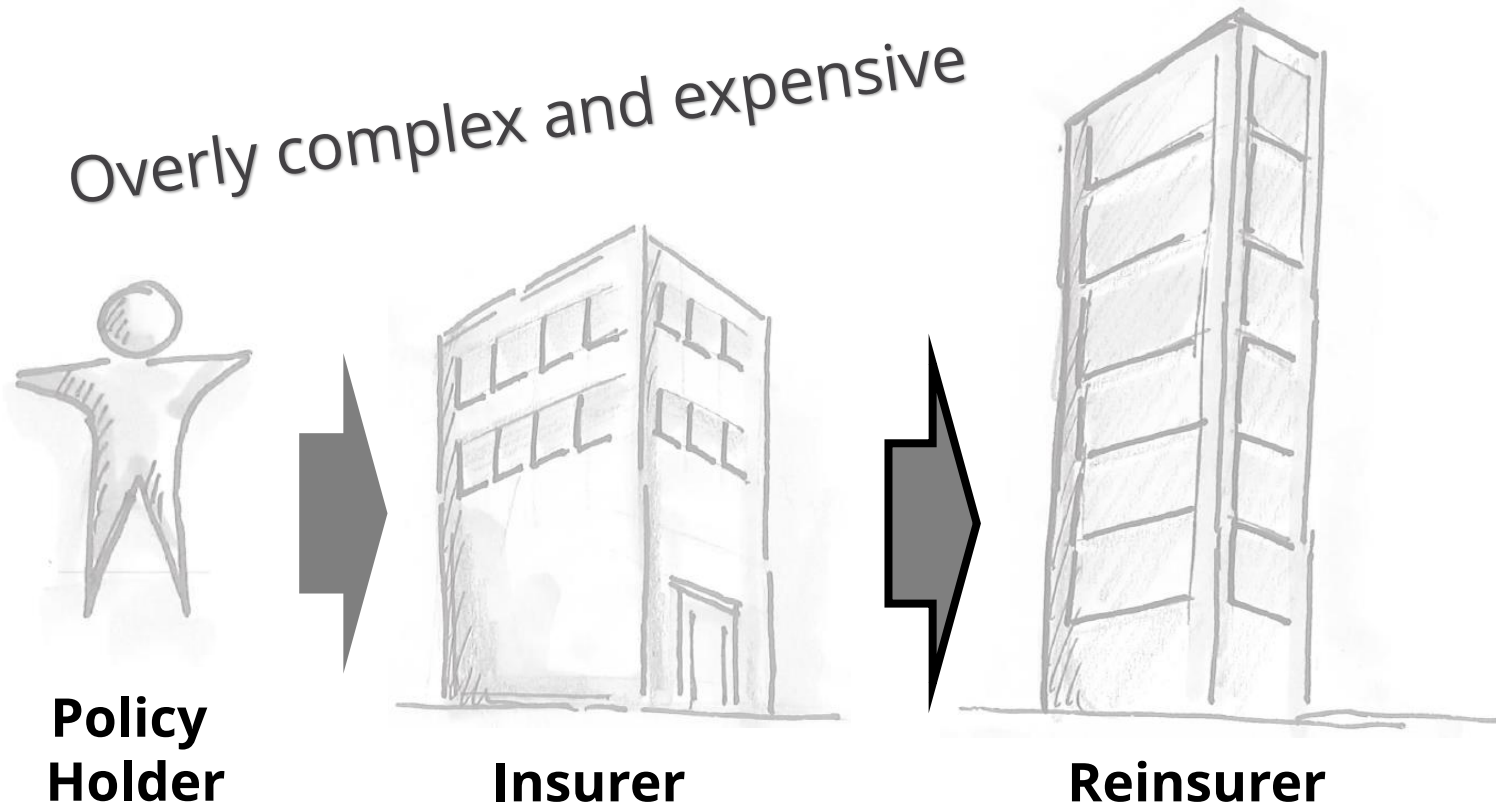
Inefficiencies

- Paperwork
- Lack of standards
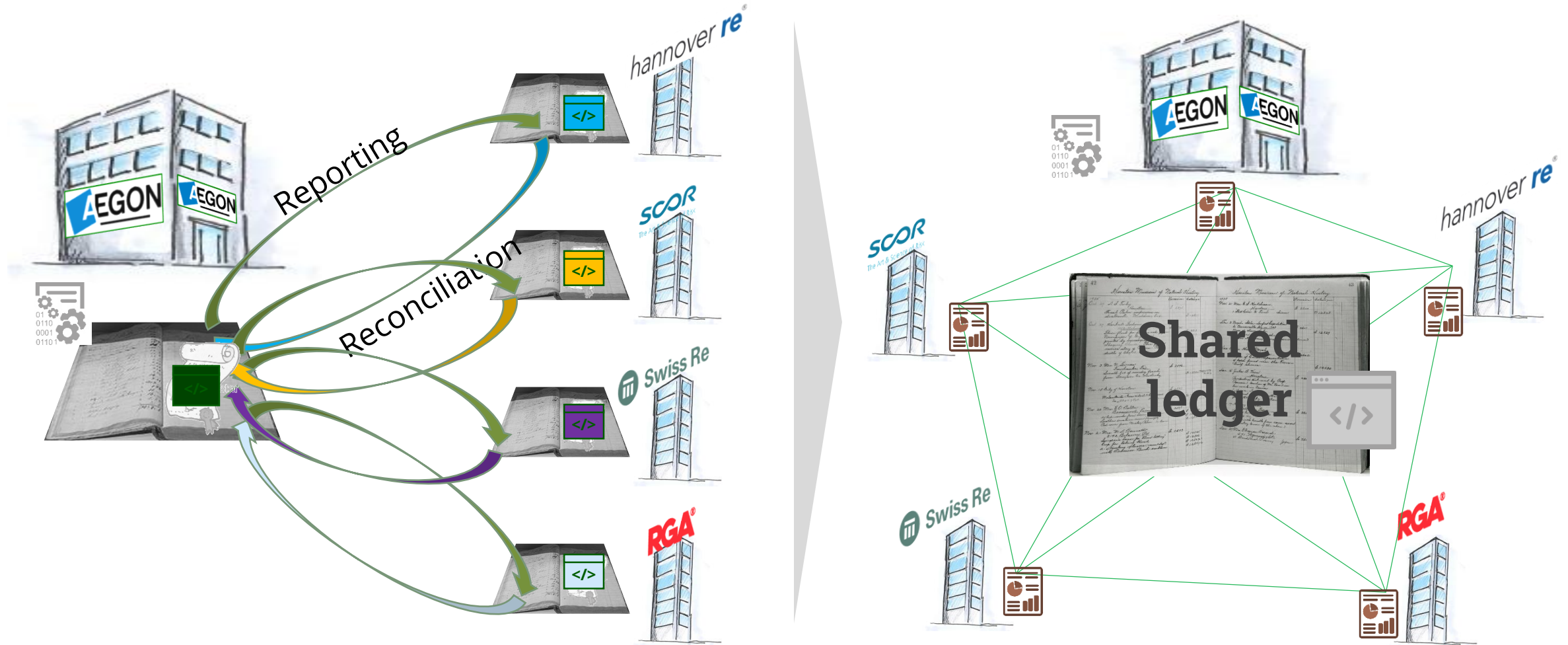- Cumbersome Signoffs

Leading to further inefficiencies

- Delays
- Manual Reconciliations

Creating Risk and Costs

- Credit Risk
- Cash flow inefficiencies

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Blockchain offers opportunities to reduce friction

From traditional ledger to shared ledger – single version of the truth mitigates need for reconciliation and outcome of human error

B3i's first product

A Fully Functional Prototype To Solve Current Industry Challenges

Broker

Reinsurance
Blockchain
Platform

Insurance
entity

Reinsurance
entity
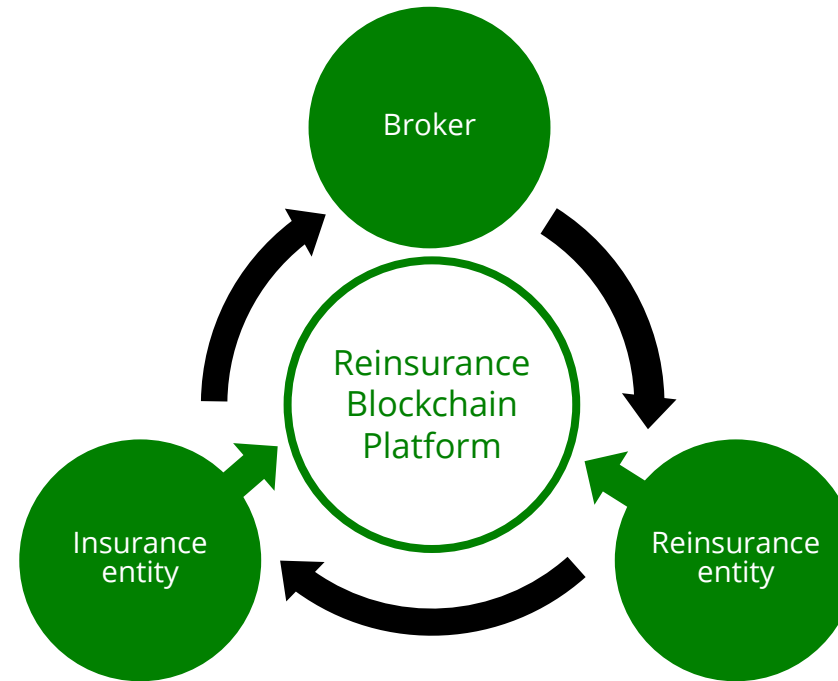
Draft A New Contract

- A shared single version of truth
- All in one contract

**Negotiating &
Signing A Contract**

- Digital signature
- Full inclusion of broker

**Automated Premium
Calculation**

- Stronger cash & credit management

**Frictionless Claims
Handling**

- Automated
- Zero reconciliation efforts

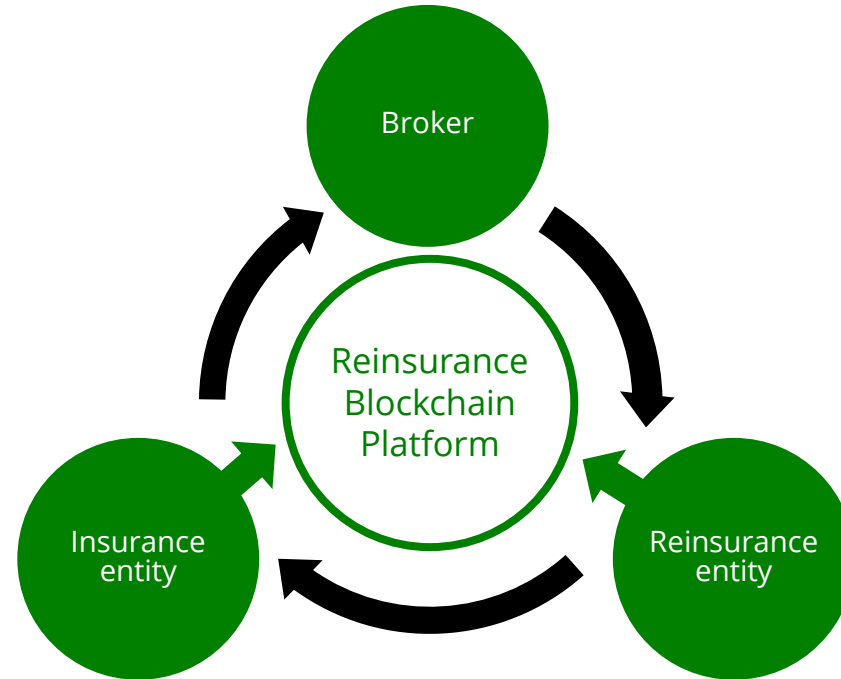   **B3i - AIDA Conference 12 April 2018**

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B3i's first product

Positive impact on

- Operational Efficiency and Risk Reduction
- Quality and Integrity of Data
- Working Capital Improvement
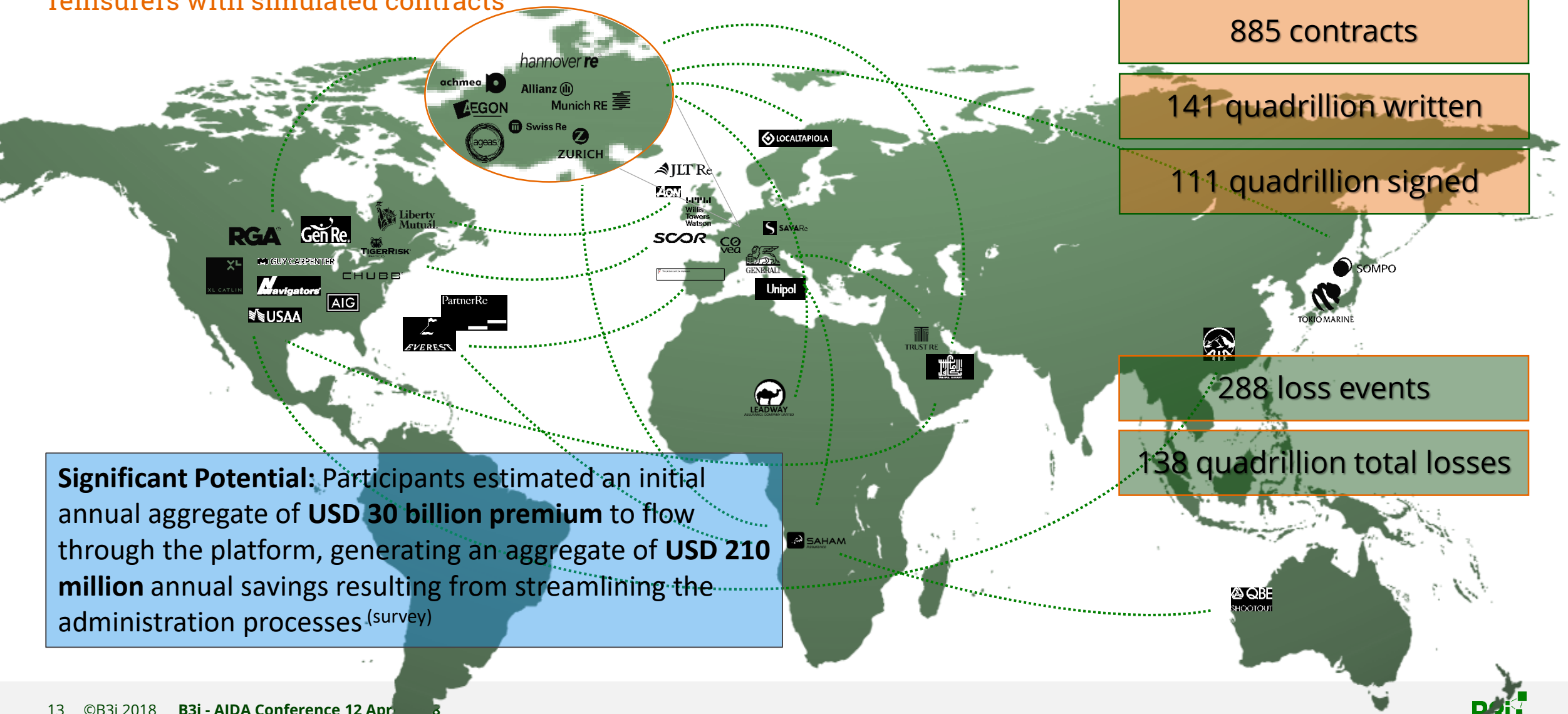- Foreign Exchange Management

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- Operational Risk
- Combined Ratio
- Cash Flow Acceleration
- Capital Requirements

⟶ ~30% Process Efficiency Gain

A truly global market test

The prototype was tested by a global network of 38 insurers, brokers and reinsurers with simulated contracts

885 contracts

141 quadrillion written

111 quadrillion signed

288 loss events

138 quadrillion total losses

Significant Potential: Participants estimated an initial annual aggregate of **USD 30 billion premium** to flow through the platform, generating an aggregate of **USD 210 million** annual savings resulting from streamlining the administration processes (survey)

Product objectives for 2018

Live contracts on a multi-party, enterprise ready, distributed ledger environment

Live contracts

- Multiple contracts on the system
- Two or more cedents

Enterprise ready
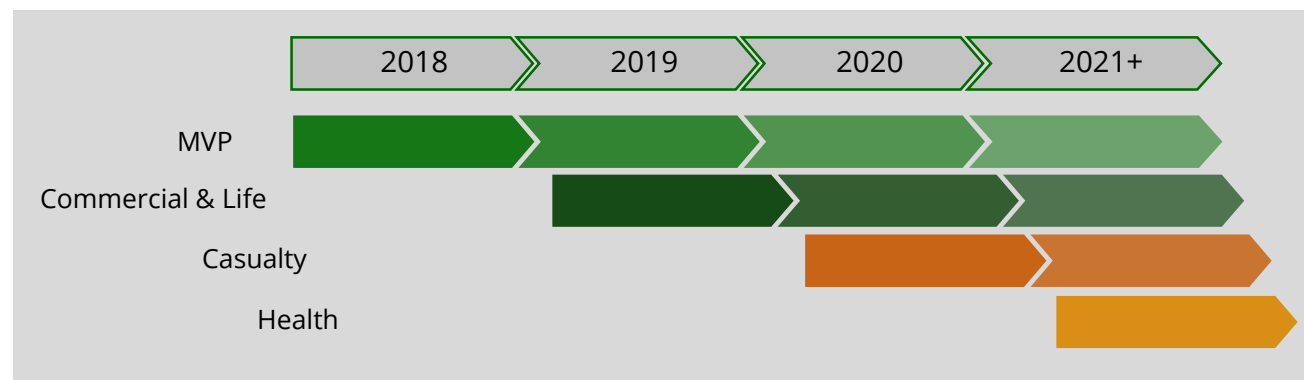
- Solid and
- Secure

Distributed ledger

- Ledger running on multiple nodes
- Live network maintenance
- Notary service

Operationalisation

- Helpdesk

Medium term roadmap

(illustrative)

	2018	2019	2020	2021+
MVP				
Commercial & Life				
Casualty				
Health				

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Thank you