Blockchain Case Study

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All Blacks + Wearables  https://vimeo.com/190020391  Password: AIG

IoT Checklist  https://vimeo.com/207350604/fd7bc985d1

Data Sharing  https://vimeo.com/190020391

Blockchain  https://www.youtube.com/watch?v=mgUK0cPoasw
Innovation Strategy @ AIG

Thought Leadership as competitive advantage

1. Define innovation; balance top-down, bottom-up, and horizontal

2. Narrow focus on a few big bets; Institutional Partners

3. Practical Client Pilots

4. Win on Sharing Economy

5. 5-Steps Partnership
Innovation Priorities: Pilots will Drive Next Steps

**Liability & Financial Lines**

1. **Connected Worker**
   - Can wearable sensors prevent costly worker injuries?

2. **Connected Cyber**
   - Will cyber risk transfer become a peril that is best prevented?

3. **Connected Fleet**
   - Does a smoother driver make a safer driver?

4. **Connected Industrials**
   - Will achieving “no unplanned downtime” shift the need for certain insurance lines (BI, PD, GL)?
   - Will it increase cyber risk?

**Property & Special Risks**

5. **Connected Property**
   - Is smarter energy/water consumption, and space usage, a proxy for lower risk building operators?

6. **Connected Supply Chain**
   - Can tracking cargo throughout the supply chain reduce claims and create business efficiencies?
AIG Multinational Blockchain Case Study

Scenario

Issue the first multinational insurance policy, via blockchain, for four countries (Kenya, Singapore, US & UK) for Standard Chartered Bank.

What it is

A proof-of-concept to validate if Blockchain technology can add value/create efficiencies during one step of the underwriting process.

What it is not

A reinvention or permanent change to the entire Multinational issuance/underwriting process.

Multinational Policy Lifecycle

1. Client Need
   Client goes to market for comprehensive risk transfer agreement

2. Policy Structured
   Policy structure determined by AIG, Broker, and Client
   AIG chosen as carrier

3. Transaction Set Up
   Preferences and in-country specific regulations are met

4. Policy Issued
   Controlled Master Program (DIL/DIC) & policies for each country issued
   Policy Issuance:
   - CMP & policies issued by country
   - Project scope: In parallel process, issue policy on blockchain for Kenya, Singapore, UK and US

5. Midterm Adjustments
   Policy coverage is monitored and adjustments made to fit client needs
   Coverage period:
   - Mid-term adjustments made
   - Countries added
   - Other need met

6. Claims Paid
   Claim payments processed and issued

Renewal Process
Trends in Insurance and Blockchain Use Cases

**Claims Processing**
- Automated claims payments based on agreed-upon data and smart contract events
- Fraud reduction using event and data validation

**Re-insurance**
- Aegon, Allianz, Munich Re, Swiss Re and Zurich have launched the Blockchain Insurance Industry Initiative B3i

**Identity Management**
- Customer data ownership can be addressed by a customer-controlled blockchain
- Privacy and data theft are managed
- Know Your Customer (KNC) initiatives are enabled

**New Products**
- Improving customer engagement, enabling cost-efficient product offerings for emerging markets
- Enabling the development of insurance products related to the Internet of Things.

**Emerging Technologies**
- Combining IoT with Blockchain to create customer-centric offerings
- Partnerships are forming to determine how to monetize these new technologies

**Cross Business Networks**
- Credit and payables risk managed to reduce unpaid premiums and receivables
- Shared platforms for supply chain risks (IBM/Maersk partnership)

**Consortium Initiatives**
- Insurers and reinsurers are exploring how to achieve capital efficiencies through single global ledgers
- Increased automation to capture risk data in contracts also offers new opportunities to build market knowledge, streamline payments and attract financing risk
Project Summary

AIG Multinational Blockchain Initiative
Creation of a Minimum Viable Business Network between AIG, Standard Chartered Bank & Regulators to provide improved transparency around the “Master” and “Local” Policies, Premiums and Payments

What We Did

• Explored potential of Blockchain technology
• Created full picture of target users, current processes and pain points
• Projected a new vision for user experiences using Blockchain technology
• Defined a Minimal Viable Product (MVP)
• Explored architectural options for implementation
• Engaged a number of key AIG stakeholders through the implementation of the MVP

Foundation We Delivered

Business Components
• Policy, Payment, Issuance Overview
• Payment Management
• Notifications Management

Blockchain Technical Components
• Store policy documents and Signature of documents on Blockchain
• Events feature for notifications
• Security using HL v1.0 alpha

Knowledge Transfer
• Conducted overview sessions on Blockchain Hyperledger Fabric v1.0 and HSBN
ORIGINAL HYPOTHESIS
Together we posed the question – How might we improve AIG’s customers ability to conduct multinational business with confidence and consistency, whether they operate in two countries or 200? Can Blockchain reduce friction and increase transparency for multinational customers across countries and coverages? How can we establish the foundation to deliver even more business value?

What to Test Next?

**Operational simplification**
Reduces manual efforts to create transparency and reconcile and resolve customer struggle

**Regulatory efficiency improvement**
Enables real-time monitoring

**Liquidity and capital improvement**
Can reduce locked-in capital and provides increased transparency

**Counterparty risk reduction**
Agreements can be codified and executed in a shared, immutable environment

**Clearing and settlement time**
May reduce some third parties supporting transaction verification/validation and accelerates settlement

**Fraud minimization**
Helps with asset provenance and transaction history within a single source