Blockchain: Impacting the Future of Insurance

Immense Transformational Potential
- Security and Control of owned Data
- Reduced friction
- Trust in Trustless Transactions

Tons of Hype & Activity
- Little Actionable, Practical Value

Blockchain Feels “forced” somehow...
- Easier with other methods

Adoption Seems Slower

What’s happening now?
Blockchain Is Dead! Long Live Blockchain!

- “Moving more towards Distributed Ledgers…” (trending?)
- ”Trough of disillusionment” (Gartner)
  - early concepts/ideas failing (or not moving)
  - ICOs, “hyped” concepts, BTC volatility etc.
  - “Pure” models are awaiting traction
- Enterprise Blockchain is being **proven**
  - Emerging “gated” **Communities**
- **Key concepts** are holding up and evolving, and **rapidly**
Let's Get Caught Up on Blockchain

- **Key Definitions:**
  - Distributed Ledger and Blockchain
  - Smart Contracts (logical vs technical)
  - Hashes and “off chain” information

- **Platforms (LTS), Business Models, Consortia**

- **Consensus and Community:**
  - Public, Permissioned, Private
  - Government and Governance
The Basics: So WTH is Blockchain?

- **Distributed Ledger** Technology
  - “A shared ledger for recording the history of transactions, that cannot be altered.”
  - IBM

- Common Definition:
  - “A blockchain is a peer-to-peer distributed ledger forged by consensus, combined with a system for "smart contracts" and other assistive technologies.”
  - Hyperledger.org

- “Blockchains” today:
  - Interrelated Ledgers
  - Support complex transactions
  - Data security/isolation
  - Enterprise use cases
  - Private/permissioned networks
Smart Contracts

- **Logical:** Automated, objective execution of “real world” contract terms, features or enforcement.
  - Parametric product feature
  - Triggered audit
  - Paid Commission

- **Technical:** Trusted computer code that defines and automates logic to add data to the Ledger and interact with trusted resources.
  - Stakeholder(s) create “chaincode”
  - Vetted by Community/Authority
  - Deployed by Governance
  - Executed by network Peer Nodes
Immutable Data and "Hashes"

- Immutable Ledgers and "on-chain" data issues
  - Weight members must bear
  - Enterprises don’t want data “shared”
  - Performance when ledgers are large
  - GDPR and “right to be forgotten”

- A “Hash” is a mathematical function to obscure the underlying data, and create a “fingerprint”

- “Hashes” of data (versus “raw” or “cleartext” data) are stored on-chain
  - to obscure/secure source data
  - create referential and data integrity evidence
  - with a lightweight and breakable pointer
Business Models on the ‘Chain

**Private/Permissioned** Blockchain Networks vs **Public**
- Known Organizations/Individuals
- Governance/Authority/Transparency
- Turn Network into *Community*

Who’s Committed?

**Speed**
- **Single Company/Pilot Model**
- Founder Network (of **Partners**)
- **Cross-Industry** Network
- **Competitor** Network
- **Policyholder** Network

**Impact**
Business Model Key: TRUST*

- **Defining Protocols** of Value Exchange
  - Participating Organizations
  - Value Proposition(s): Clear WHY
  - Monetization Strategy

- **Governance**: Who Do You Trust?
  - Make & Change Rules
  - Transparency and Accountability
  - Trust is Earned: History of Success

- **Industry Adoption** Realities
  - Don’t Trust Each Other
  - Don’t Trust Blockchain (very far*)
    - Must define just *how* far
Network into Community = Impact!

**Blockchain** Will Significantly Impact Insurance when **Trust in the Technology** and it’s **Governance** evolves to turn Networks and Products into **Communities of Value**.

- Connected Organizations
- Aligned by Common Purpose
- Through Platforms with Rules, Governance, Transparency
- Into Sustainable Communities of Equitable Value
Let’s Link it up…

- Still early, Evolving rapidly.
- The promise and basics of Blockchain
  - Distributed Ledger, “Blockchain”
  - Smart Contracts and Hashing
  - Trust, Governance
- Product and Business Models
  - Company-centric, low impact
  - Community-centric, high impact
- Governance vs Government
- Align Participants to a Purpose: Community of Value
Thank you!

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