



The Evolving Reinsurance Value Chain Automation in the next 10 years...

Hussain Ahmad, Swiss Re

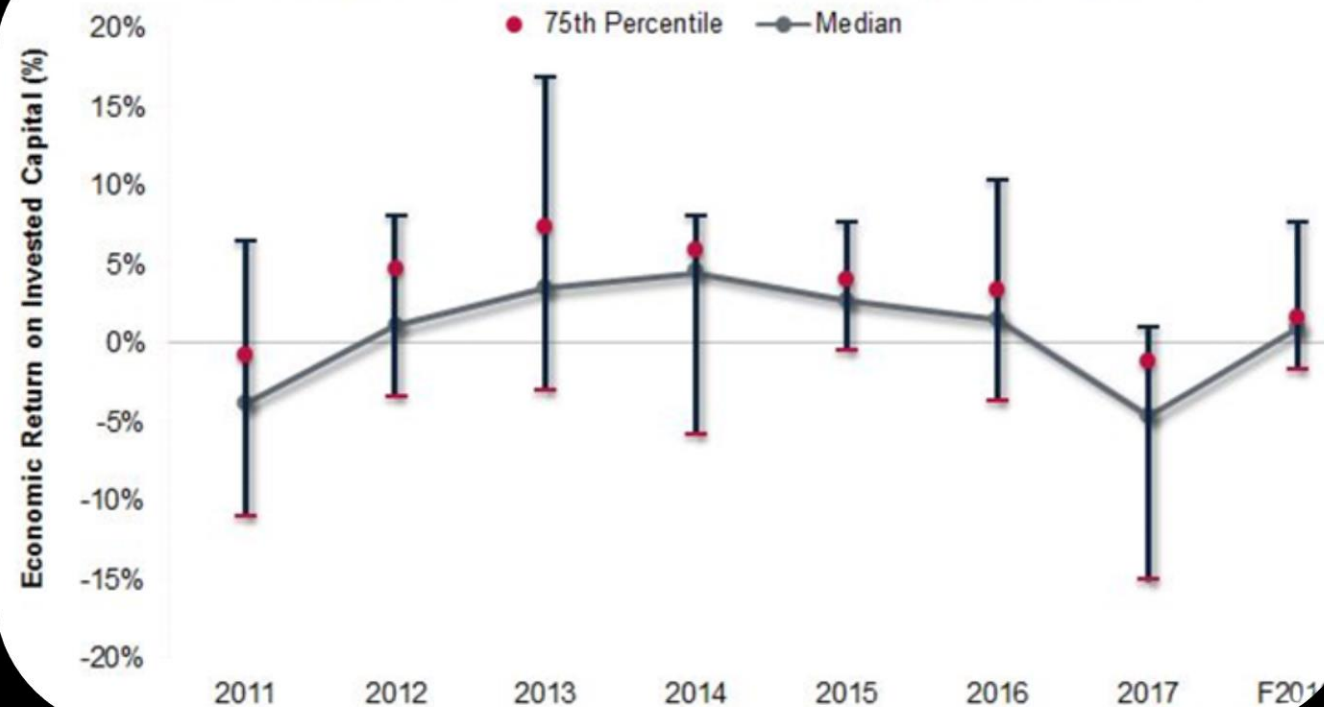
Singapore Actuarial Society, General Insurance Conference
Singapore, 1 June 2018



Segment Review
September 2, 2015

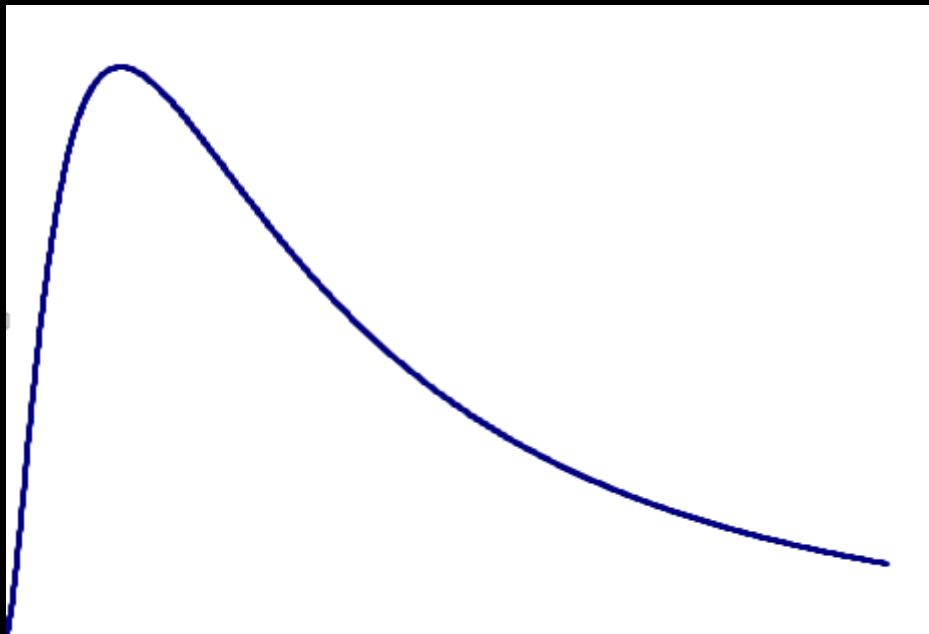
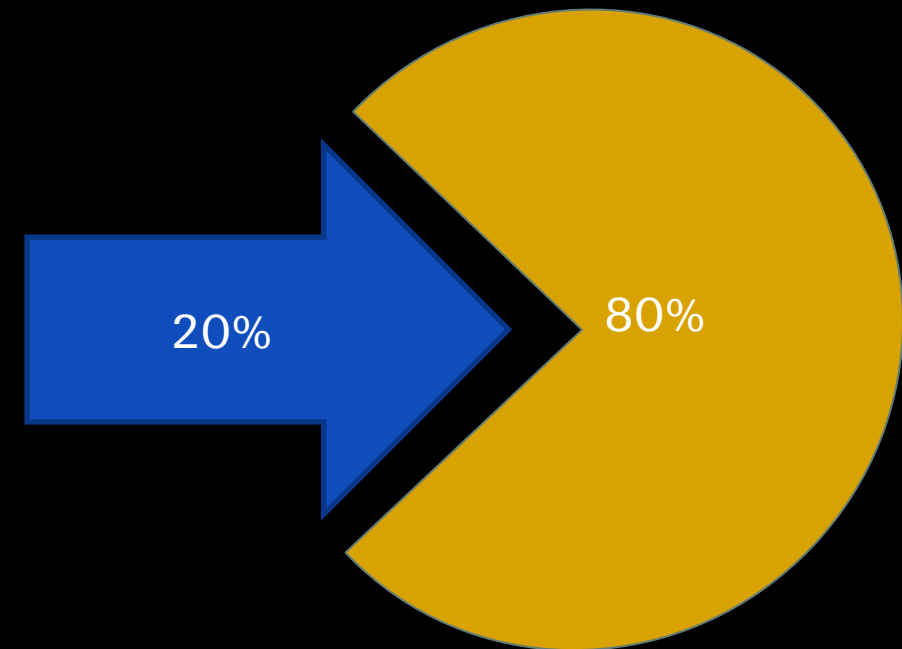
“It is Not Your Father’s Reinsurance Market Anymore” – The New Reality

Listed global reinsurers' economic returns on capital, 18 companies



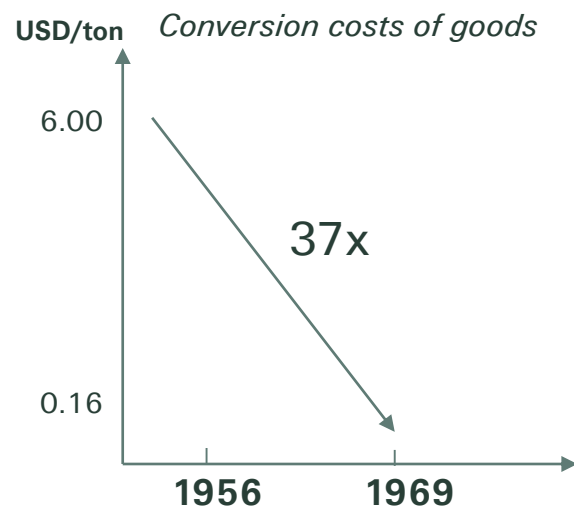
(P&C) Reinsurance companies also recognize that underwriting performance, much more than cost, is the key underlying driver of success. This mindset, however, has also been a double-edged sword, resulting in low impetus to modernize. **The industry has lots of brick-and-mortar and low-grade technology...**

McKinsey & Co. | Global reinsurance: Fit for the future? | Sept 2017



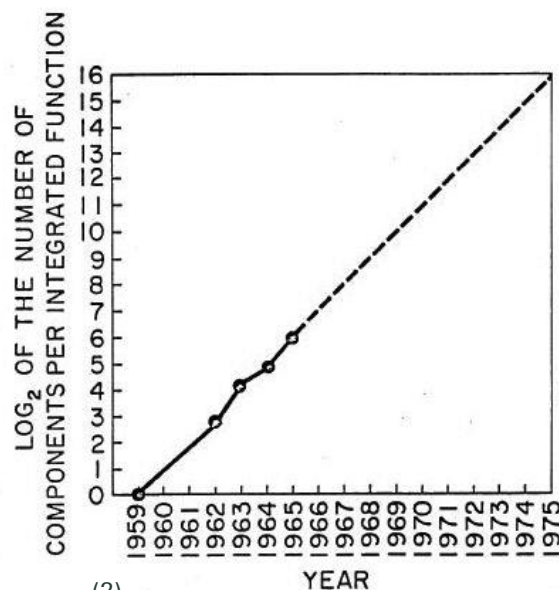
Is the (re)insurance industry running behind in innovation?

Container impact



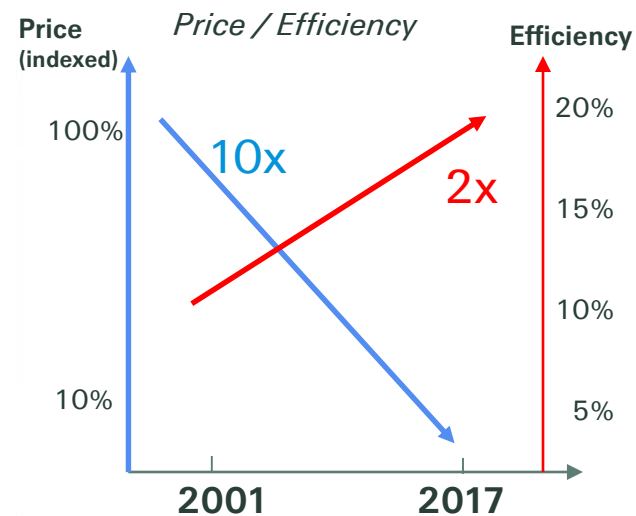
(1)

Moore's law



(2)

Solar Energy



(3)

Reinsurance

Admin Expense ratio

~ 7%

(4)

Sources

- (1) Wikipedia
- (2) <http://www.computerhistory.org/atchm/moores-law50-the-most-important-graph-in-human-history/>
- (3) ETH, Zurich, Meyer Burger
- (4) Published financial statement top 5 reinsurers

Number of reasons add to the frictional costs of the reinsurance industry... and an industry effort is needed to change things



Regulation & Tax



Sharing of risk



Small (but important) part
of insurer / insured
expenses



Standardisation and Innovation



Malcolm McLean

By Maersk Line - Malcolm McLean at railing, Port Newark, 1957, CC BY-SA 2.0, <https://commons.wikimedia.org/w/index.php?curid=27640875>

	Shipping	Insurance
The Problem	High goods conversion costs	High frictional costs
The Challenger	Trucking entrepreneur	Blockchain Insurance Industry initiative (B3i)
A Standard	The Container	Data Language on Distributed Ledger
Customer benefit	Global trade	Affordability of protection
Mission	Easier transport and trade of goods	Easier handling and trading of risks

Blockchain in a nut shell

Distributed Ledger

keeping score of who owes what to whom

***Cedent A is reinsured
with Reinsurers B and C***

+

Cryptography

*unique combination of technology,
consensus finding and security*

***B and C should not see
certain things of each other***

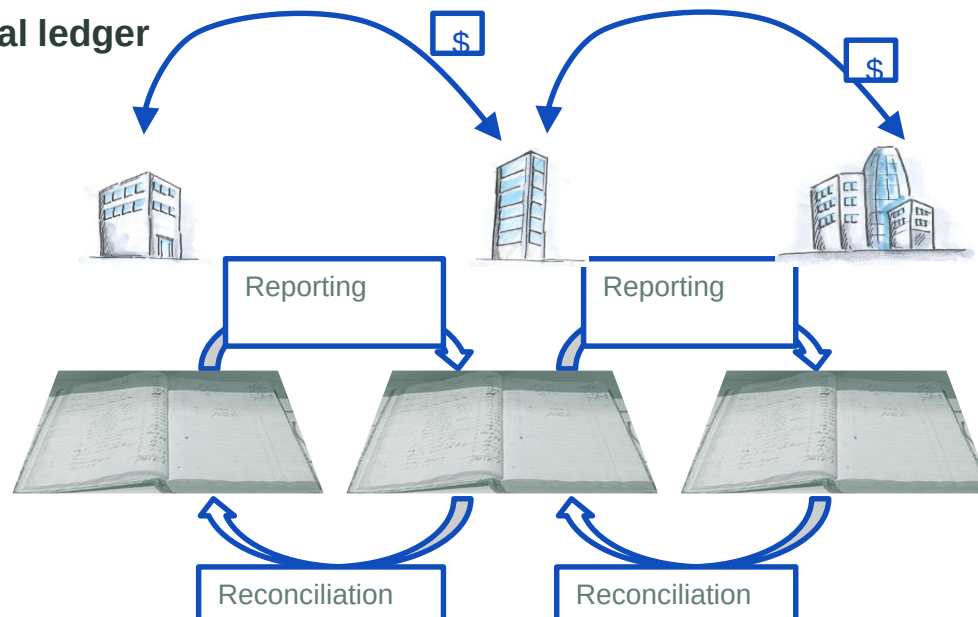
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Smart Contracts

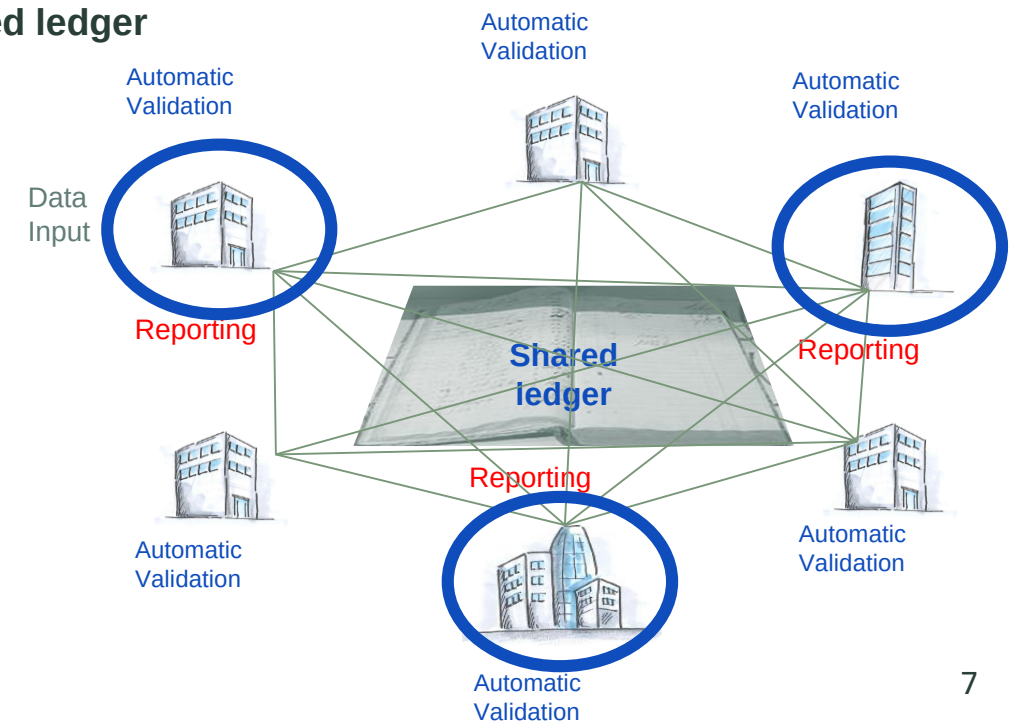
*decentralise and automate authorization
and authentication*

***Legal (contract) logic is put
into computational logic***

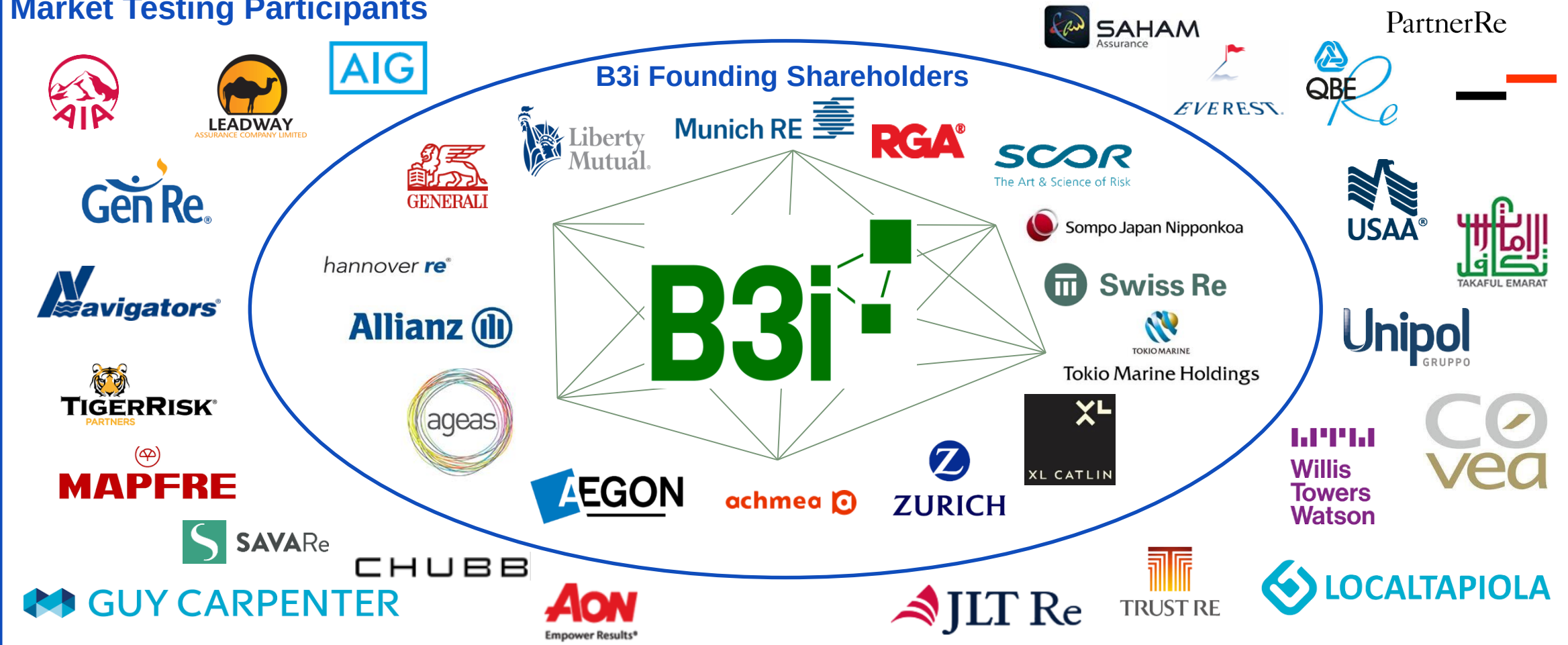
Traditional ledger



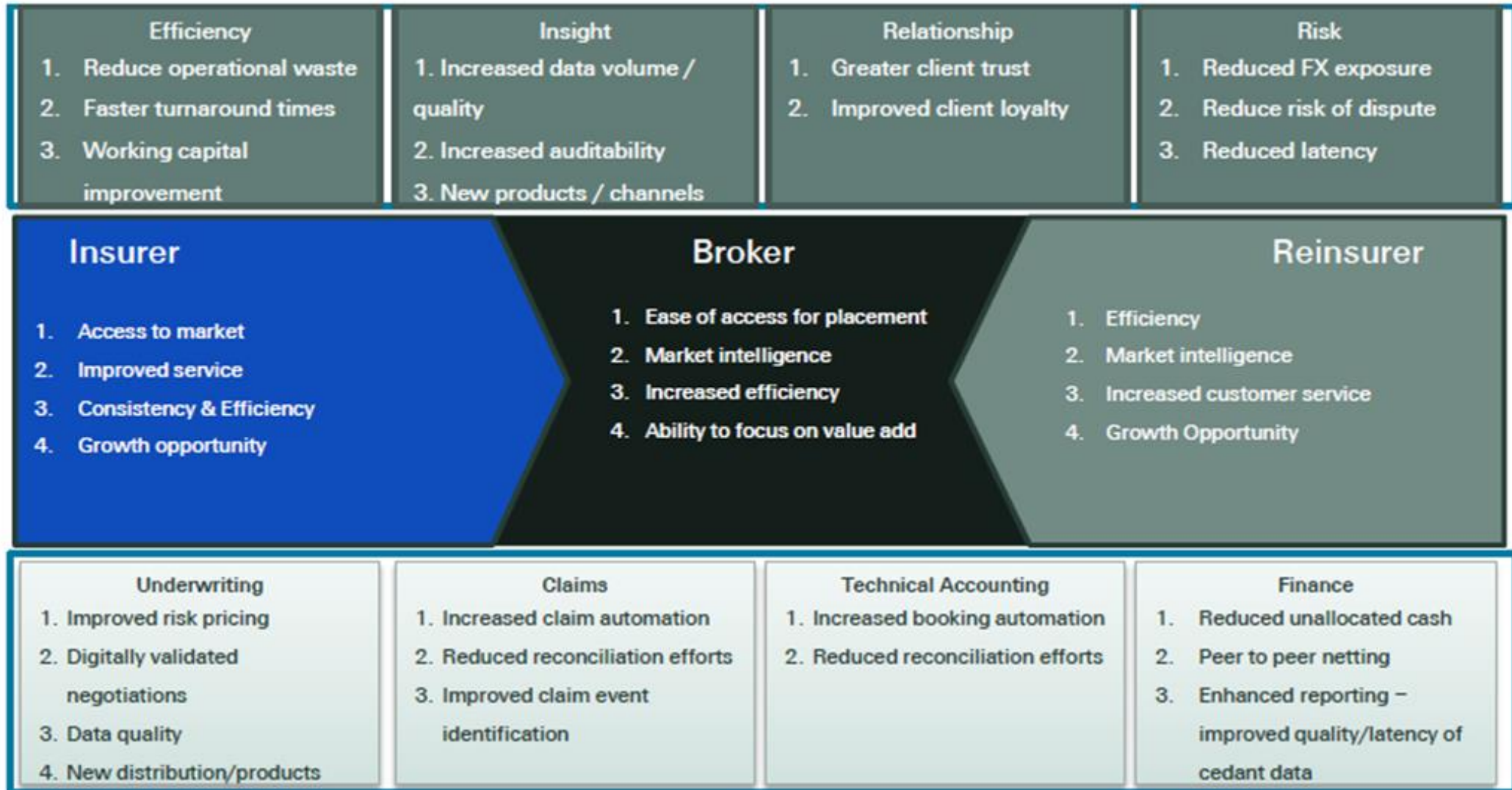
Shared ledger



Market Testing Participants



B3i will lead to benefits for all participants



A few hurdles in the here and now...

A Standard

Shipping: The Container

*Insurance: Data Language on
Distributed Ledger*

Where are we with regards to a
standard data language in
(re)insurance?

Ruschlikon
POWERED BY ACORD

Smart Contracts

*Legal (contract) logic is put
into computational logic*

How well do our existing
contracts stack up if they are to
be translated into computational
logic?

Ruschlikon organizations achieve superior financial performance



5-Year Analysis, Industry = 100

	 TSR	 EBITDA
Ruschlikon	112	110
Non-Ruschlikon	97	96

% change TSR simple average, EBITDA CAGR weighted by cumulative revenue, industry = 100

Source: ACORD

A few hurdles in the here and now...

A Standard

Shipping: The Container

*Insurance: Data Language on
Distributed Ledger*

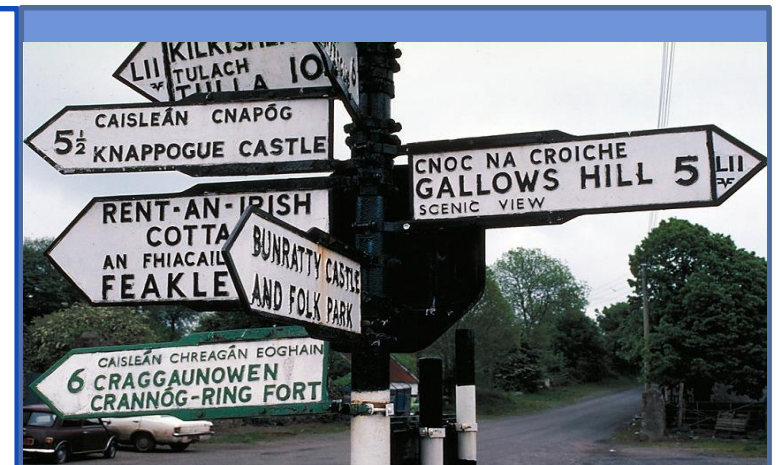
Where are we with regards to
this in the (re)insurance
transaction?

Ruschlikon
POWERED BY ACORD

Smart Contracts

*Legal (contract) logic is put
into computational logic*

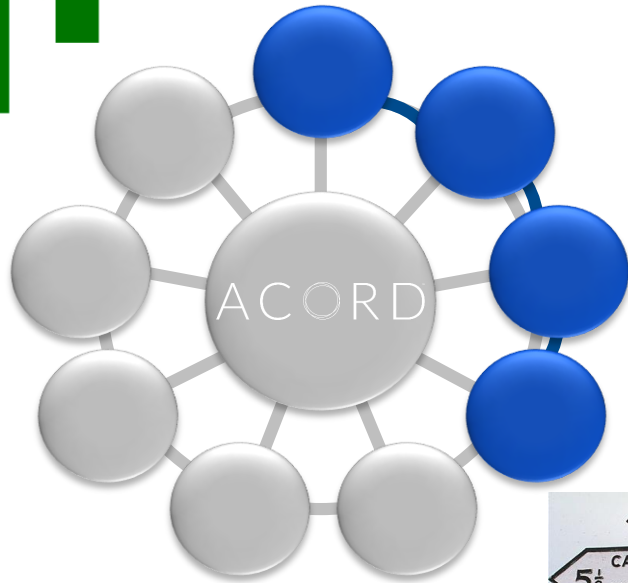
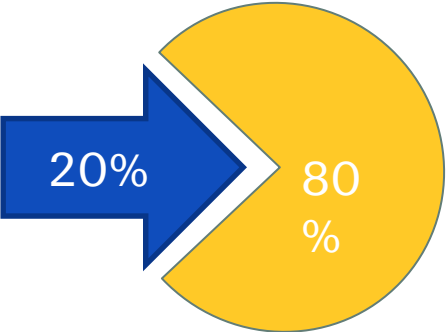
How well do our existing
contracts stack up if they are to
be translated into computational
logic?



Not your father's reinsurance market...

brick-and-mortar and low-grade technology...

B3i



Thank you

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