7th December 2017

B3i Autumn Summit

The B3i Autumn Summit brought together 130 participants from 38 member companies to discuss developments, achievements and next steps.

The B3i Autumn Summit which was held in Munich on 15 & 16 November was organised to bring together member companies principally to share the results of the prototype market testing phase, discuss future use cases and receive information about the launch of the new legal entity and investment opportunities.

The success of the event was evident in the engagement and feedback received from the participants. The agenda was planned across two days in a mix of plenary sessions, breakout workshops and Q&As.

Market Testing

The first session reviewed the findings of the Market Testing phase. The activities built up gradually from September with onboarding of 23 market testers and education sessions to gear up the nominated individuals from the 23 organisations which joined B3i for this purpose.

The activity reached a peak during October with hands-on testing of the platform. This involved simulated trading of property catastrophe XoL risks within the combined network of 38 participants. Each participant was able to act as an insurer, broker or reinsurer or combination of these three roles.

During this testing period, 885 contracts were created in a full lifecycle and tested against 288 loss events generating 338 claims. Out of this, the community posted application bugs and enhancement requests which are now being scheduled in the development process. Lessons from the pre and post-test activities were shared at the Summit and then reviewed further during breakout sessions.

Engagement by the testing community was very high with over 85% expressing that they had been given ample opportunity to participate and receive support. A "buddy" system ensured that participants received personal guidance in the lead up to and during the testing. Using collaboration tools such as Slack and Jira also ensured that communication was very open, efficient and direct.

The active engagement of market testers, scale of transactions pushed across the network and constructive feedback demonstrated the value of the process to B3i community members, particularly as a platform for accelerated learning.

Technical Development

Alongside the functional testing, the technical team supported the network which was scaled up to 117 peers representing the community. Each peer consisted of several components, including the Blockchain ledger, chaincode and the user interface.

The network was run on Hyperledger Fabric as its distributed ledger technology platform and was deployed across nine virtual machines on the IBM Bluemix cloud environment. To the best of our knowledge, the B3i network was the largest insurance based network that has so far been tested by this huge number of participants.

The test phase provided valuable insights on how to set up and configure a future production network and deal with performance and CPU loads of this scale. The next stage is to deliver an enterprise ready environment with all the necessary business functionality for a commercial operation.

The overwhelming feedback from Summit attendees was confidence in B3i's ability to deliver Blockchain technology that can support functional requirements.

Business Case

A business case stream reviewed the results of an internal survey designed to understand the potential savings arising from use of the platform. In terms of penetration, the research revealed that the current members represent 27% of ceded premiums and 51% of reinsurance premiums globally. This data suggests that B3i is currently the largest re/insurance consortium in terms of market share.

Beyond size, the survey substantiated initial estimates of material savings in aggregate across the value chain. Coupled with the existing momentum and increasing awareness of the initiative, the projected market share and associated savings offers a great platform for success.

Participants in the breakout session provided their views on the priorities B3i should focus on in the short and medium-term. Insights were also offered as to the key considerations necessary to incorporate the B3i platform as part of their wider business operations.

Respondents gave a strong indication that they view the platform as highly relevant, beneficial across the value chain, and an application that they would look to adopt.

Future Use Case Development

In another stream, participants from functional areas got together to discuss current use cases being considered by B3i and additional suggestions put forward by the participants prior to the Summit.

The aim of this discussion was to better understand and anticipate the future appetite for use cases balanced with the ease of development and level of impact/benefit for the majority of users. In all, over 60 use cases were considered by the breakout teams.

The outputs provided a broader range of options to consider incorporating in the future roadmap including some cases beyond re/insurance classes. The focus is likely to remain on reinsurance in the short term followed by commercial/life insurance in the mid-term in order to build out from the current product.

Future strategy and investment opportunities

In a plenary session, the plans for launching a legal entity were discussed including the governance and general membership of the community. This will be established in Switzerland where there is already a blossoming ecosystem of Blockchain development companies complementing insurance.

The primary strategic focus of the business in 2018 will be to complete the development and testing of the current Property Catastrophe XoL product and be prepared for live trades in Q4 2018.

In addition to attracting users of the platform, B3i will create an innovation community where members will benefit from an ecosystem that will provide accelerated learning in Blockchain technology, product innovation, technical and

non-technical resources and networking. These elements are core to any company pursuing a digitisation strategy and offer a more effective way to materially gain from Blockchain through co-creation rather than developing concepts in isolation.

Investments in the new entity will be sought in Q1 2018 and are expected to come from members of B3i and other market participants. The ambition is to have as wide a market adoption as possible and hence network through both shareholder ownership and the user base. In this way, the direction and strategy of B3i in the future will be led "by the market and for the market".

Ultimately, the focus for B3i lies in "less admin, more insurance", benefiting the entire value chain and ultimately the customer.

The Blockchain Insurance Industry Initiative (B3i) is a collaboration of insurers and reinsurers formed to explore the potential of using Distributed Ledger Technologies within the industry for the benefit of all stakeholders in the value chain. The 15 founding members of B3i are Achmea, Aegon, Ageas, Allianz, Generali, Hannover Re, Liberty Mutual Insurance, Munich Re, RGA, SCOR, Sompo Japan Nipponkoa Insurance, Swiss Re, Tokio Marine Holdings, XL Catlin and Zurich Insurance Group. The group was joined by a further 23 insurers, brokers and reinsurers to engage with market testing of the prototype in October 2017.

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