

## B3i and our prototype Codex1 in summary

On Sunday 10<sup>th</sup> September, the B3i showcased a fully functional beta-version of its integrated blockchain solution for the re/insurance industry at the Monte Carlo RVS event. The launch of the prototype named Codex1, was very well attended and was warmly received by the market and press.

The content of the launch event is summarised below.

**Shared vision:** Today's insurance industry processes are overly complex, often manual, error-prone and expensive. As individual companies, we have invested a significant effort in optimising our own processes over the years. However, so far it has been exceptionally difficult to do this leaving large parts of the insurance value chain in need of further automation. B3i's vision is to digitise transaction processing across multiple layers of counterparties through the application of distributed ledger technologies. Our mission is to reduce the protection gap by significantly reducing the cost of insurance thereby making it affordable and accessible to millions of end customers. This will enable us to improve the management and trading of insurance risks.

**Unique industry Collaboration:** In B3i, 15 global companies have been collaborating on a joint distributed ledger for reinsurance transactions driven by blockchain technology in order to overcome the market inefficiencies in our shared processes. Our goals are focused on: what really matters in insurance - less admin, more insurance and great customer service.

**The prototype:** A platform to enable a distributed ledger smart contract management system for Property Cat XoL contracts. Market participants will be able to more easily cede, handle and trade risks. Built together with IBM on the blockchain powered Hyperledger Fabric from the Linux Foundation.

**The application:** Rather than maintain data on separate ledgers of each contracting party, the B3i blockchain application runs a shared process, calculation, settlement and reporting on a distributed ledger. The data model is based on the ACORD Standard and when combined with its API layer, ensures it can be fully integrated with existing processes and systems that can support this. The application facilitates multi-party transactions on the same platform without having to interact with different systems, where cedants, brokers and reinsurers underwrite contracts via nodes.

**Key features:** Privacy preserving transactional transparency and security features; suitable for complex business logic and a modular software design; pluggable components providing flexibility to consensus algorithms and other features and integration possibilities to existing system.

**Efficiency drivers:**

- Approvals: our digital signatures have their own root of trust without relying on a central authority;
- Settlement: all common accounting data to settle the contract post-placement are generated;
- Asset transfers: state changes lead to value transfers, traceable in an immutable, digital way.

**Financial benefits:**

- Efficiency gains of up to 30% and
- Conservative expectation of a combined ratio reduction of 0.5 %.

With this solution, we have validated key benefit hypothesis and demonstrated the feasibility of building an end-to-end re/insurance industry platform with distributed ledger technologies.

Please contact us for more information.

Kind regards,



<http://b3i.tech>

Twitter: @b3i\_tech

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