



## Smart Contracts

The corner stone for digitalisation in Insurance

Smart Contracts:  
the cornerstone for digitalization in  
Insurance

- Increase revenue
  - Increase Clients loyalty, foster upselling/cross-selling
    - Customer experience
    - (New) needs identification
    - Flexible product offering
  - Increase Clients base
    - Competitive price v/s coverage and added value services
    - Advocacy / Brand
    - Product innovation
  - **Agility in implementing new insurance products**
- Decrease cost
  - **Automate and integrate processes**
  - Streamline organization



Big Data

Telematics

Mobile tech

...

## Smart contracts bring agility in the set-up of insurance products while reducing the running costs of those products

A smart contract is

1. an electronic version of a contract,
2. that can be easily set-up, and
3. that uses a technology that allows to have various execution related tasks “embedded” in the contract.

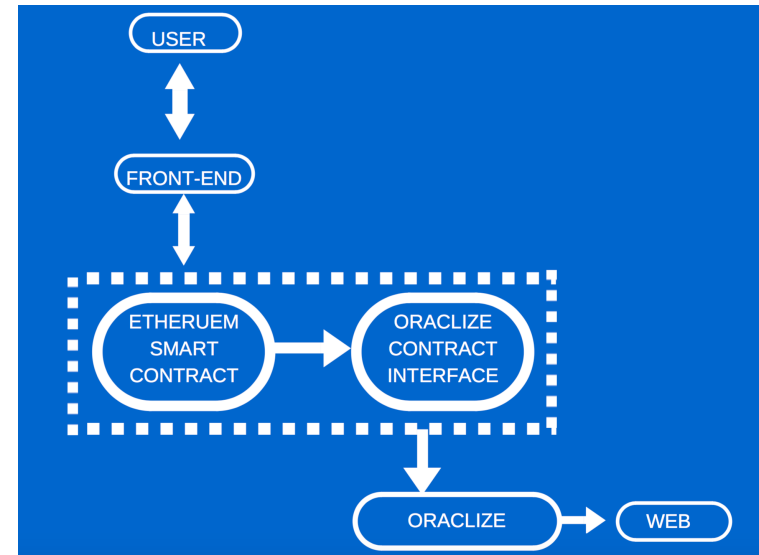
Enter your flight number

ex: BA 2599

Insure for

£ 200  
0.77 BTC  
222.9 ETH

INSURE



At the *London Fintech Week Blockchain Hackathon* last September, a team called InsurETH built a flight insurance product **over a weekend** on Ethereum platform.

- **Automatic Controls:** Is the flight cancelled/delayed ?
- **Automatic Execution:** Payment automated upon materialization of the risk

- **Low running cost:** Contract execution is automated within the smart contract
  - Underwriting and Premium collection
  - Claim processing and loss amount payment
  - Contract Servicing (contract life, etc)
  
- **Low set-up cost:** High agility in setting-up new insurance products
  - Smart Contract design and development effort is incremental
  - Decentralized automation minimizes integration costs on central systems and avoids progressive complexification of the legacy systems

- Security (mainly integrity)
  - Usage of the Blockchain technology to implement a **permanent audit** of the Smart Contract
- Privacy (Confidentiality)
  - **Encryption** protects against data hacking and further protection is possible
  - Private and Personal data are processed by Smart Contracts but **not transferred** to the Insurer **unless agreed**
- Impact on legacy systems
  - Processes need to be **reengineered (simplified)**
  - Best is to **start from scratch** with a (new) product for which risk materialization can be automatically detected, and so automate the whole process
  - **Hybrid solutions** can be implemented for the more complex risks but will result in simplified processes

- **Higher Customer experience:**
  - Smart contract will be experienced as a concrete and effective insurance tool
- **Foster Right-sell, Up-sell and Cross-sell:**
  - Smart contracts will be connected to Customers smart devices for Usage Based Insurance
  - Smart contracts will be connected to smart applications to capture new risk or increasing amount to insure
- **Other Industries are working on Smart Contracts**
  - Interactions with smart contracts in other industries (notaries, banks, car manufacturers, etc) will only be possible if insurers are ready themselves



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Questions ?

**Thank you**

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# The Smart Contract at the heart of the Customer lifecycle

- The smart contract is an opportunity to implement a better fit between contracted services and the Customer lifecycle and to increase the Customer experience
- The smart contract optimizes contract performance and reduce servicing cost

