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## ***News release***

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<i>Pages</i>	3

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### ***PwC Bermuda: Blockchain technology holds significant potential for wholesale insurance industry***

#### **- Report identifies practical uses for blockchain technology**

**Hamilton, Bermuda** – Blockchain could be a transformative technology changing the way the wholesale insurance industry operates. But insurers, reinsurers, underwriters, brokers and a host of other players will need to collaborate with one another – and those from beyond insurance in order to seize all the opportunities on offer.

PwC's blockchain team, launched in January, worked with Z/Yen in undertaking a global industry survey - the first global initiative intended to determine how Blockchain technology could revolutionise and transform the world's insurance industry.

Their report, ***Chain Reaction: How blockchain technology might transform wholesale insurance***, in conjunction with Long Finance, is based on interviews with 50+ brokers, insurers, reinsurers, regulators and trade bodies from across the global insurance industry. It identifies and explains a number of practical uses for blockchain technology.

“The report concludes that not only does blockchain offer the promise of cost reduction and efficiency, but it could also enable revenue growth as insurers attract new business through higher-quality service,” said **Arthur Wightman, PwC Bermuda leader and Insurance leader**.

“Research by PwC finds that 56% of firms recognise the importance of blockchain, but 57% concede they do not yet know how to respond. **We want to help firms make this leap**. Financial technology solutions are becoming a catalyst for change and innovation in the insurance and broader financial services industry.”

The report finds that relationships with stakeholders, ranging from customers to regulators, will improve as errors are reduced and accuracy improved. It may even be possible to reduce capital requirements as insurers on opposite sides of a transaction proceed to agreement more quickly.

**Mr Wightman** said: “Further, as reinsurance is an important sector in the global economy as it transfers risk from organisations to insurers and therefore underpins large-scale business and trade globally, financial technology can also help the industry to discharge its responsibilities for the common good.”



Firms need to be realistic – any proposed changes have to be viewed in the context of how they will impact the market as a whole – the industry is data heavy and the actions of brokers, insurers and reinsurers are all interlinked.

The report sets out **12 potential use cases** and details three areas where blockchain technology could have the greatest impact on re/insurance:

### **1. Placement process**

Facilitating the placement and management of the insurance contract including all relevant documentation, starting with the clients' insurance application, broker placing the risk, insurers accepting risk, then managing all changes and transactions throughout the life of the contract. *As part of this research PwC built a proof of concept blockchain to demonstrate how this might work.*

### **2. Claims management**

A blockchain incorporating all documents created in a claims process would enable all parties involved to instantly access information, monitor and review the process.

### **3. Compliance tasks**

Reducing the burden on customers and businesses around proof of identify 'know-your-customer', anti-money laundering and sanctions processes.

The report suggests that collaboration, trial and experimentation will be key for wholesale insurers looking to successfully implement blockchain technology. Firms working together to implement blockchain technology will accrue the benefits as their interactions become more efficient.

#### **Notes for editors:**

<https://www.pwc.com/chainreaction>

#### **What is blockchain?**

Blockchain is the computer file underlying a mutual distributed ledger. It comprises a series of blocks of data added sequentially. Once a block is added it can never be deleted or changed. Each block includes a header section with index information and hash code(s) that ensure that data cannot be changed without making the entire file inconsistent.

#### **About PwC**

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