Guidebook for Blockchain Adoption in Insurance: A Compilation of Insights from 30+ Projects

ITS | Insurance
Annual Report – March 2019: Executive Summary
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- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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Background and scope of the research

Everest Group’s Insurance IT Services research team tracking the enterprise blockchain adoption journey brings a guidebook for enterprise executives leading blockchain initiatives in the insurance industry to:

1. Build a fact-based business case for blockchain investments by presenting an analysis of 30+ blockchain case studies
2. Guide investments to extract maximum value by studying current value delivered and building pragmatic hypothesis on potential value
3. Demystify the blockchain technology landscape and identify the right set of partners for your business use case
4. Identify challenges that enterprises face on their blockchain journey to guide the blockchain adoption strategy
5. Identify data and network participants to support scaling of blockchain ecosystems to gain from the network effect

In this report, we studied 30+ blockchain case studies to identify the blockchain adoption journey for lead steers in the industry and build a guidebook for adoption.

**BINGO framework for blockchain adoption**

The 4Ts of blockchain benefits

Build competitive advantage via blockchain initiatives

**Scope of this report**

Industry
- Insurance

Companies
- Market activity and investments by 200+ global enterprises

Geography
- Global

Use cases
- 10+ distinct blockchain use cases
A summary of findings from the blockchain adoption story so far in the insurance industry

- The blockchain hype is dying and the real business use cases are gaining steam
- Study of 30 projects indicates that P&C insurance is witnessing the maximum adoption
- Insurers will need to partner with blockchain ecosystems to scale beyond POCs
- Identifying data and network participants to reimagine processes leads to higher ROI
- Hyperledger Fabric, Ethereum, and Corda are the key blockchain technology platforms
Everest Group has identified a five-step structured framework to guide enterprise blockchain adoption journey.
Blockchain’s 4T features are used to drive efficiency in existing business processes and enable new business models

**Trust and security**  
Blockchain drives trust and security in transactions between multiple parties through its iron clad data validation technique

Example of use cases:  
- Insurance record management  
- Claims processing

**Transparency and auditability**  
Blockchain offers transparency and auditability through its distributed ledger structure, offering users complete control over the information being shared

Example of use cases:  
- Policy life cycle management

**Traceability and insights**  
Blockchain strengthens traceability by replacing slow and complex data sets for processes

Example of use cases:  
- Digitalized trade documents for insurance in supply chain

**Transaction and automation**  
Blockchain is streamlining processes by removing intermediaries, resulting in smooth transactions

Example of use cases:  
- P2P insurance  
- Insurance for ridesharing
Current blockchain initiatives look to optimize costs; focus on growth and experience will accelerate ROI realization

Examples of enterprises witnessing business benefits
- Lower operating costs and increased efficiency
- Streamline the flow and verification of data and transactions
- Shared source of record with a single version of truth
- Infuse insurance into newer businesses
- Instant underwriting using a smart contract
- Secured sharing of user’s data

Examples of use cases
- Claims processing
- Digitalized trade documents for insurance in supply chain
- P2P insurance
- Insurance for ridesharing
- Mobile application for health policy issuance & claims
- Data management for insurance

Process optimization / cost reduction
Increase revenue
Experience for stakeholders
Alpha in the room use cases are natural early adopters, other types of use cases will pick up as the network effect kicks in.

**Alpha in the room**

Use cases driven by market leaders/authorities, who have disproportionate advantage over their partner firms, with an objective to drive efficiency and experience.

*Example of use cases:*
- Claims processing
- Policy lifecycle management

**Disruptors**

Use cases are leveraging blockchain to disrupt existing processes and drive new business models.

*Example of use cases:*
- P2P insurance

**Bottom line collaborators**

Use cases are driven by peer firms with the prime objective to defend margins and drive innovation in the business model.

*Example of use cases:*
- KYC
- Insurance record management

**Disintermediation avoiders**

Use cases are driven by enterprises which act as intermediaries to protect their playing field and leverage blockchain to deliver value-added services.

*Example of use cases:*
- Reinsurance certification
Insurers need to invest in developing blockchain talent, as demand-supply gap is going to get wider

<table>
<thead>
<tr>
<th>Region</th>
<th>Demand-supply gap in 2018 as percentage of supply in 2018</th>
<th>Estimated demand-supply gap in 2021 as percentage of supply in 2021</th>
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<tbody>
<tr>
<td>North America</td>
<td>70-80%</td>
<td>90-110%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>80-90%</td>
<td>50-60%</td>
</tr>
<tr>
<td>Europe</td>
<td>90-100%</td>
<td>80-90%</td>
</tr>
<tr>
<td>Australia &amp; New Zealand</td>
<td>30-40%</td>
<td>20-30%</td>
</tr>
<tr>
<td>Others¹</td>
<td>30-40%</td>
<td>50-60%</td>
</tr>
<tr>
<td>Overall</td>
<td>60-70%</td>
<td>80-90%</td>
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- Demand for resources skilled on blockchain technologies is expected to grow at a CAGR of 40-45% during 2018-2021
- Dubai, Singapore, China, Switzerland, and Japan have emerged as the major hubs for large scale adoption of blockchain use cases and are expected to witness higher than 50% demand growth in the near term
- Financial services segment accounts for nearly two-thirds of the total demand for blockchain technology; however, the manufacturing segment is expected to witness the highest demand growth in the near term
- Hyperledger Fabric implementation and smart contract development are currently the most sought-after skills. Demand is expected to grow for cross-functional experts to drive use cases related to integration of AI and IoT
- Compared to onshore countries, supply for blockchain resources is expected to grow at a higher pace in offshore geographies (e.g., India, Israel) in the near term

¹ Includes Asia Pacific (excluding the ANZ region), Middle East and Africa, and Latin America

Source: Everest Group
In this report we also list down 11 use cases across Insurance industry to bring out proof points of blockchain adoption

**Insurance record management**
A blockchain-based solution to provide a single access point for all the participants such as admin node, reinsurer, broker, bank, and client

<table>
<thead>
<tr>
<th>Driver: Alpha in the room</th>
<th>Ecosystem: Inter-enterprise (across industry)</th>
<th>Production readiness: 63%</th>
</tr>
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<td>Defines the dominant driver for the use case (refer to page 9 for definition)</td>
<td>Defines the dominant type of ecosystem for the use case</td>
<td>Provides a comparative score measuring the extent of projects moving toward production readiness or already live</td>
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<table>
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<th>Blockchain properties leveraged</th>
<th>Business benefits</th>
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<tr>
<td>Trust &amp; security</td>
<td>Process optimization / cost reduction</td>
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<td>Transparency &amp; auditability</td>
<td>Increase revenue</td>
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<tr>
<td>Traceability &amp; insights</td>
<td>Experience for stakeholders</td>
</tr>
<tr>
<td>Transactions &amp; automation</td>
<td></td>
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</tbody>
</table>

Color of the icon defines the level of activity of the feature in this use case

<table>
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<tbody>
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<td>Hyperledger Fabric</td>
<td></td>
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Color of the icon defines level of the business benefit in this use case

*Definitions of terms used:*
- **Driver:** The dominant driver for the use case (refer to page 9 for definition).
- **Ecosystem:** The dominant type of ecosystem for the use case.
- **Production readiness:** A comparative score measuring the extent of projects moving toward production readiness or already live.
- **Blockchain properties leveraged:** Trust & security, Transparency & auditability, Traceability & insights, Transactions & automation.
- **Business benefits:** Process optimization / cost reduction, Increase revenue, Experience for stakeholders.

*Color coding:*
- **High activity**
- **Moderate activity**
- **Limited activity**

*Examples of color coding:* Traceability & insights has high activity, while increasing revenue has limited activity in the use case.
Additional research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details or complementary content that may be of interest.

1. **Blockchain Services PEAK Matrix™ Assessment 2019: Race to Make Enterprise Blockchain Real** ([EGR-2018-31-R-2836](#)); 2019. In this research, we assess the vision & capability and market impact generated by 27 service providers for blockchain services capabilities. These providers were mapped on the Everest Group PEAK Matrix™, which is a composite index of a range of distinct metrics related to each provider’s vision & capability and market impact to identify Leaders, Major Contenders, and Aspirants.

2. **Blockchain: Is It the Silver Bullet?** ([EGR-2018-27-V-2567](#)); 2018. Analyzes high-potential use cases for blockchain – the major ones in banking and financial services include trade finance, KYC, syndicated loans, and corporate action.

3. **Unblocking Blockchain Adoption – A Prioritization Framework for Business Processes** ([EGR-2017-3-V-2418](#)); 2017. In this research, we lay out a prioritization framework that is intended to assist enterprises as they navigate the tricky terrain of blockchain in business processes.

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