

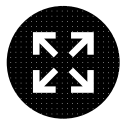


B3i development and priorities

Agenda

1. **Background to Blockchain and B3i**
2. Current product and future applications
3. Current priorities
4. Future prospects

What Is Blockchain? 4 Technologies In 1



Distributed ledger

- Decentralized, peer-to-peer network
- Append-only distributed database - immutable
- Replicated to all participants on the network
- Shows current status as well as status over time



Cryptography

- Ensures that transactions are secure, authenticated & verifiable
- Verifies participants' privacy while the ledger is shared



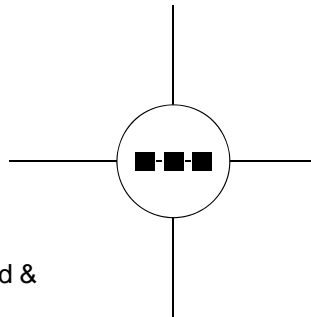
Consensus

- Consensus is the process by which transactions are verified
- Decentralized consensus ensures agreement on "single-version-of-the-truth" (allows for consistency among distributed ledger)



Smart Contracts

- Programmable contracts which contain the business logic that is automatically executed when pre-defined conditions are met
- Ideal for arrangements that are: tailored, verifiable, signed, self-executing, embedded in blockchain networks



Blockchain is another way of producing, storing, managing and sharing data as a distributed and secure record of transactions

B3i – A True Industry Collaboration

- Founded to explore Blockchain
- Test hypothesis of improving efficiency
- Prototype - Property Cat XoL
- Industry network effect
- “By the market, for the market”



Founding members of the consortium

B3i – Timeline

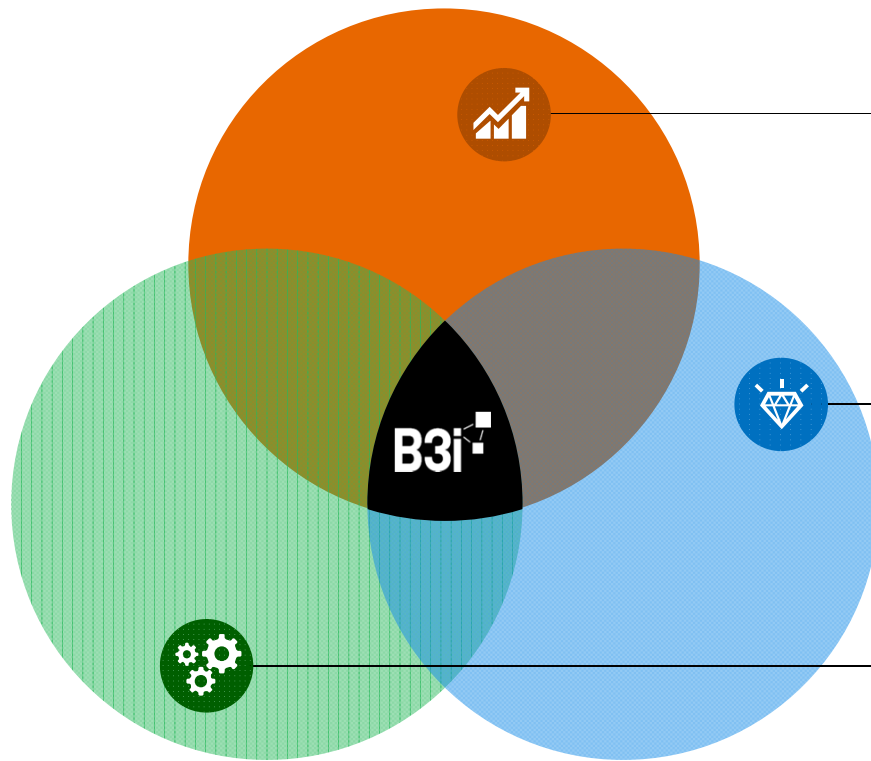
Oct 16 Dec 16 June 17 Sep 17 Oct 17 March 18
 Founded Expanded to 15 members Prototype completed Monte Carlo launch Joined by 23 market testers Incorporationa



B3i's Vision

B3i will make insurance more relevant, accessible and affordable
through the power of the ecosystem founded on Blockchain
technology

Objectives Deliver Strategic Needs



Key requirements to meet strategic needs

Growth

Ensure profitable growth through market access (network), innovation and new business

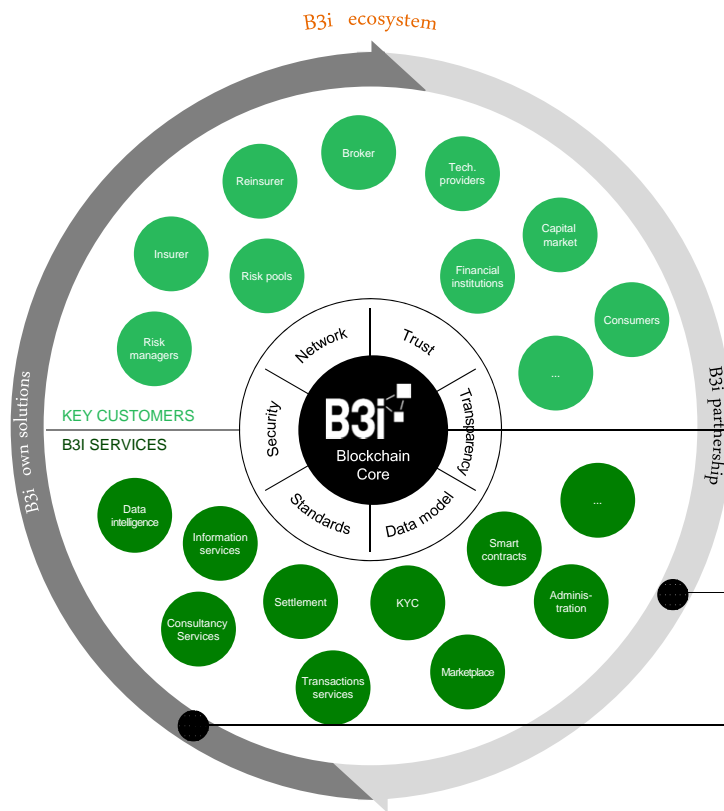
Quality

Increase quality and trust through common standards, data & insight, resilience and strengthened security

Efficiency

Improve efficiency of operations and save (administrative) cost

The B3i Ecosystem



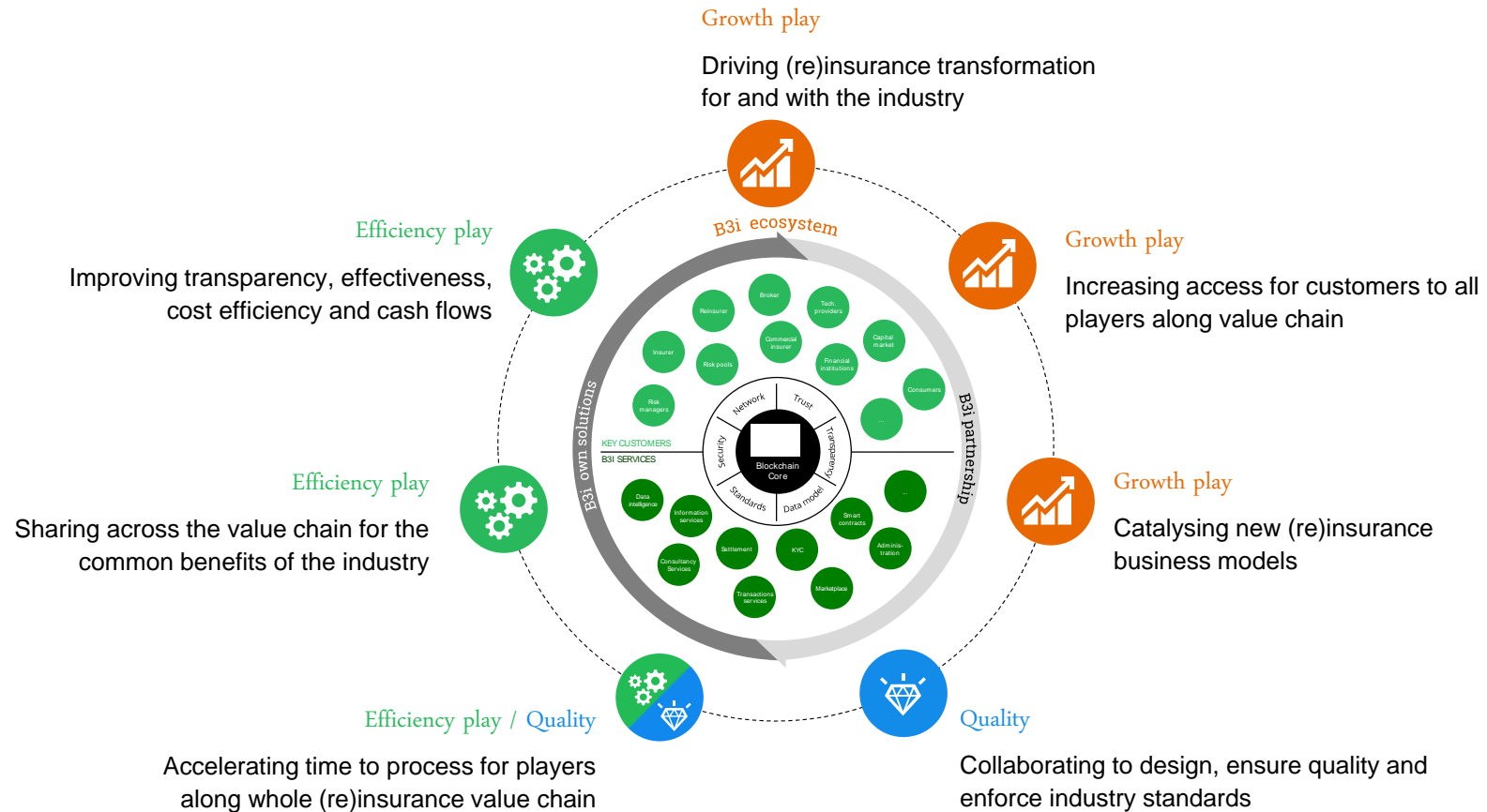
Establish the B3i core platform and quickly populate the ecosystem

Establish the platform core with access for the industry to start the network

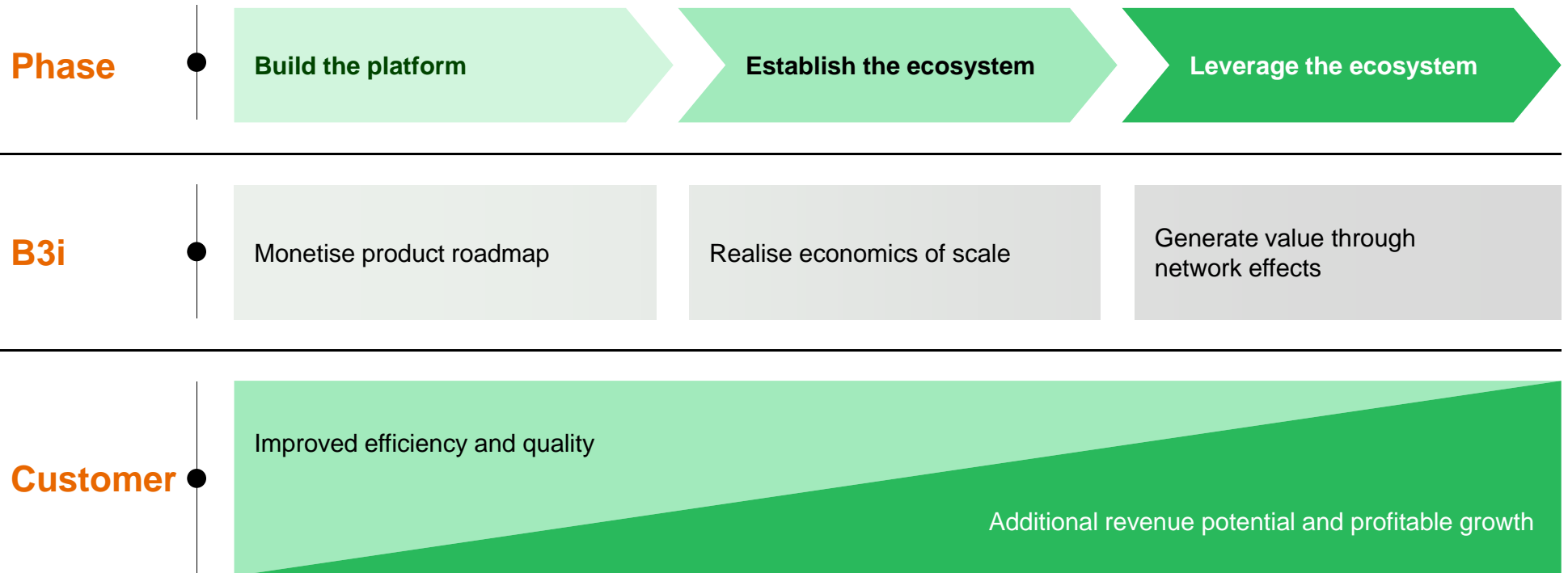
Industry ecosystem developed by B3i for the insurance market and establish partnerships for further solutions

Establish transaction service for insurance contract handling to create initial network

Value Proposition: By The Market, For The Market



Three development phases



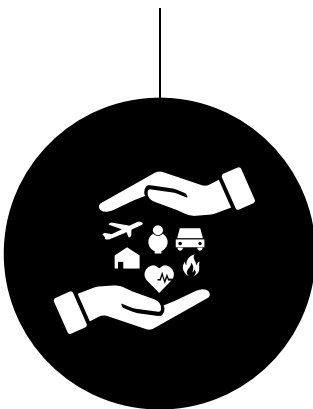
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Insurance Opportunity

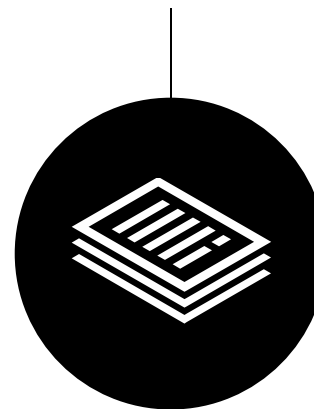
Mission

Provide protection

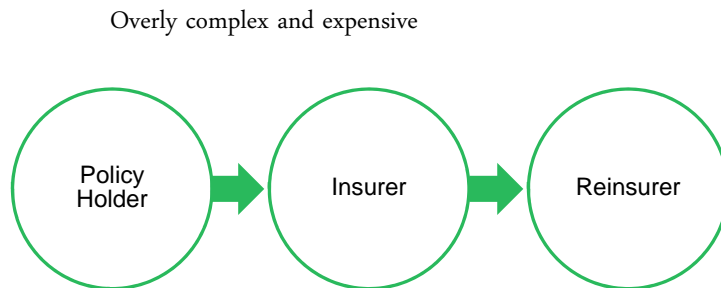


Reality

Paperwork, accounting and reconciliation



Insurance Value Chain Full Of Frictional Costs



Inefficiencies

- Paperwork
- Lack of standards
- Cumbersome signoffs

Leading to further inefficiencies

- Delays
- Manual Reconciliations

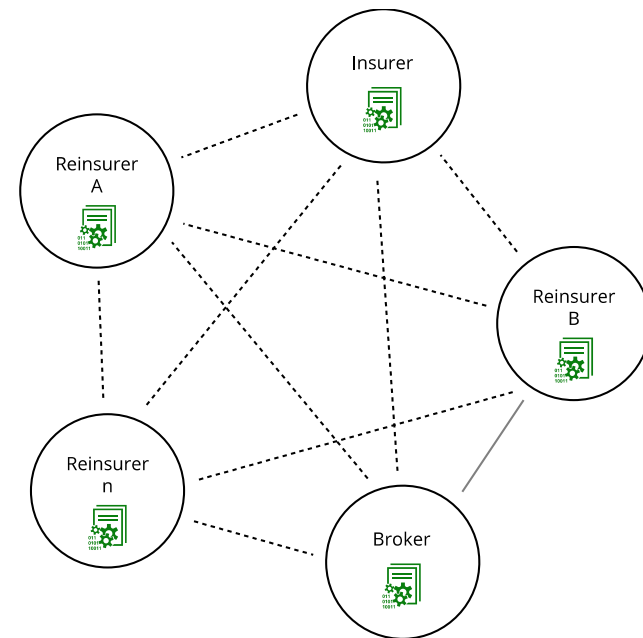
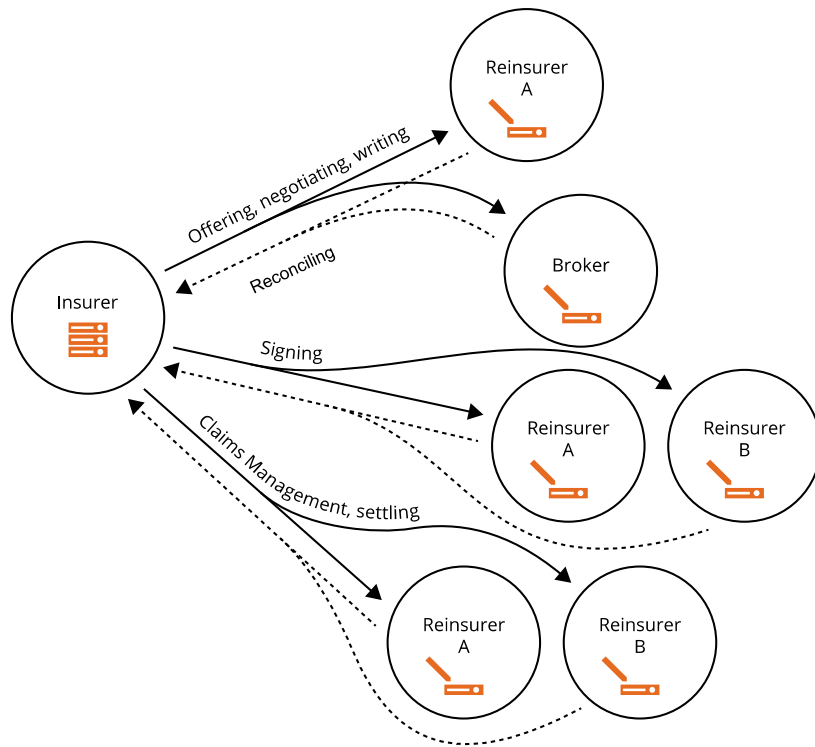
Creating Risk & Costs

- Credit Risk
- Cash flow inefficiencies

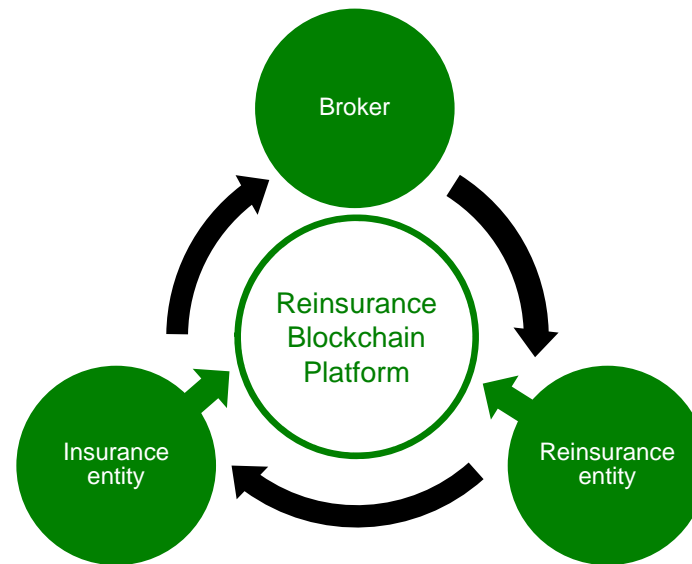
Opportunity To Reduce Friction

Today: Information exchange via traditional ledger

Tomorrow: Information exchange via shared ledger on B3i



B3i's First Product: A Fully Functional Prototype To Solve Current Industry Challenges



Draft A New Contract

- A shared single version of truth
- All in one contract

Negotiating & Signing A Contract

- Digital signature
- Full inclusion of broker

Automated Premium Calculation

- Stronger cash & credit management

Frictionless Claims Handling

- Automated
- Zero reconciliation efforts

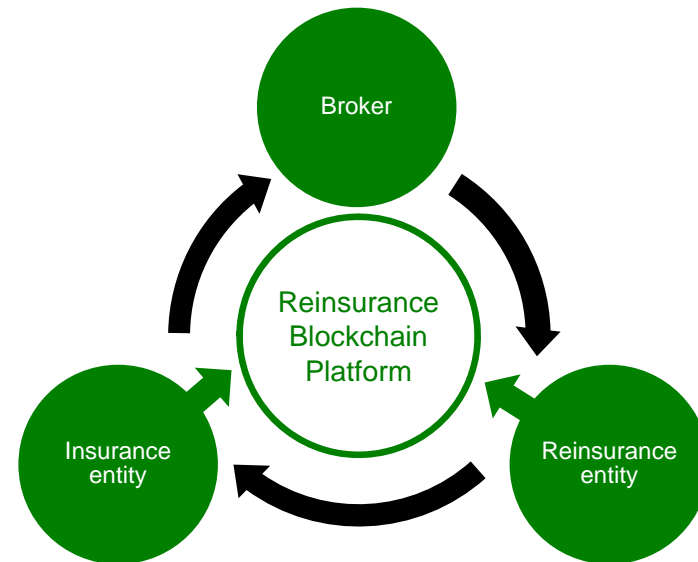
B3i's First Product

Positive impact on

- Operational Efficiency and Risk Reduction
- Quality and Integrity of Data
- Working Capital Improvement
- Foreign Exchange Management

-
- Operational Risk
 - Combined Ratio
 - Cash Flow Acceleration
 - Contract Certainty

→ ~30% Process Efficiency Gain



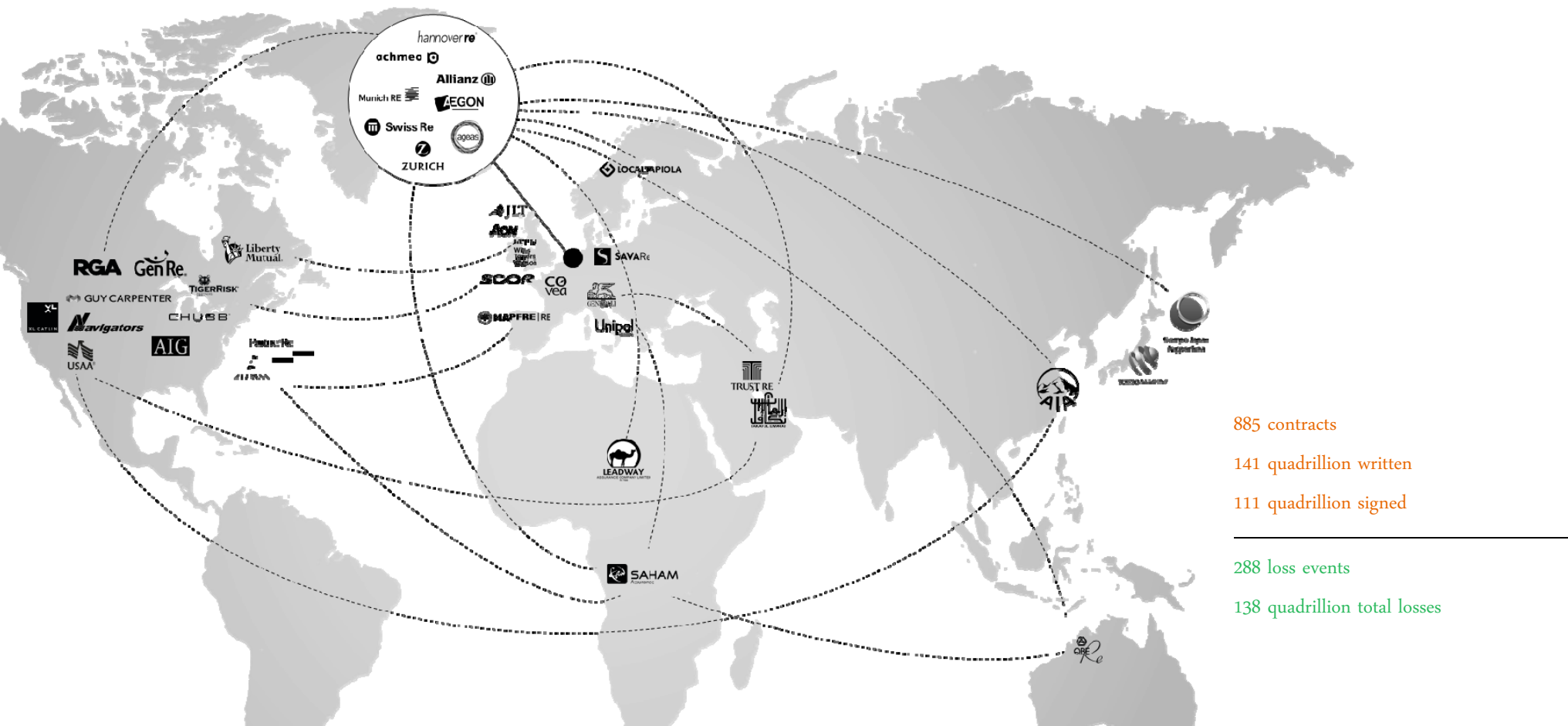
23 Market Testing Participants Joined 15 Members



Market testing phase to provide feedback on functionality and future use cases

A Truly Global Market Test



B3i and Market Potential: Significant Opportunities

An independent market analysis, conducted by Stern Stewart & Co in November 2017, surveyed 38 B3i member and testing participants. The results were distributed and discussed with all 38 participating firms and generally considered very positive for the consortium.

Largest consortium

- Participants view B3i as the most significant and valuable DLT consortium: The 38 companies represent 27% ceded and 51% reinsurance premiums market share.

High relevance

- Over 80% of those surveyed perceive platform as relevant.

Significant Potential

- Participants estimated an initial annual aggregate of USD 30 billion premium to flow through the platform, generating an aggregate of USD 210 million annual savings resulting from streamlining the administration processes ⁽¹⁾.

Factoring in further market adoption, the full potential is estimated as USD 80-140 billion and USD 1'120 million respectively.

Desire to adopt

- On average, most respondents considered they would be early adopters.

(1) Survey participants reported the costs impacted and percentage saving by B3i platform usage; broker savings excluded as most brokers chose not to respond to that question

Challenges For Scaling Up



Transformation

- Wait-and-see attitude within management
- Complete overhaul vs. Step-by-step overhaul transform
 - **Management commitment and successful use cases needed**



Legislation & Regulation

- Regulation authorities follow a wait and see approach
- Legal uncertainty
 - **Seek legal counsel and regulators, address all possible legal solution, continuously monitor legal verdicts and new regulatory requirements**



Technology

- Application of the same Blockchain technology
- Integrating AI and Big Data
- Technical progress is not yet fully satisfactory
 - **Building the industry wide standard on existing standards like ACORD**



Collaboration

- Building up trust between rivals for tshared data base
- Benefits of Blockchain are maximized the more firms are involved in the network
 - **Extensive and open collaboration between as many insurers, reinsurers and brokers as possible with winning collaboration model**



User Adoption & Social Acceptance

- Social acceptance is all but certain, especially because of potential job losses and failing businesses
- Resistance of consumers
 - **Internal and external change management through economic and psychological driver**

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B3i Current Priorities



Incorporation

Limited company ("Aktiengesellschaft") set-up in Switzerland in progress (completed 23 March); consists of "Round 1" fundraising participants from the founding members



Partner Marketing

Private Placement Memorandum preparation as part of a "Round 2" funding to attract further investment from the founding companies and a wide industry population – Investment round just commenced; investor roadshows



Development

'Codex 1' – an industrial strength Property Cat XL – ready to accept contracts by Sep 2018



Sales & Marketing

Community membership and customer proposition; delivery of business model and on-boarding; brand building and awareness campaigns; conferences and events

Future B3i targeted product and service offering

Products



Transaction platform

Core platform access

P&C, L&H reinsurance

Commercial insurance

Services



Deployment consulting

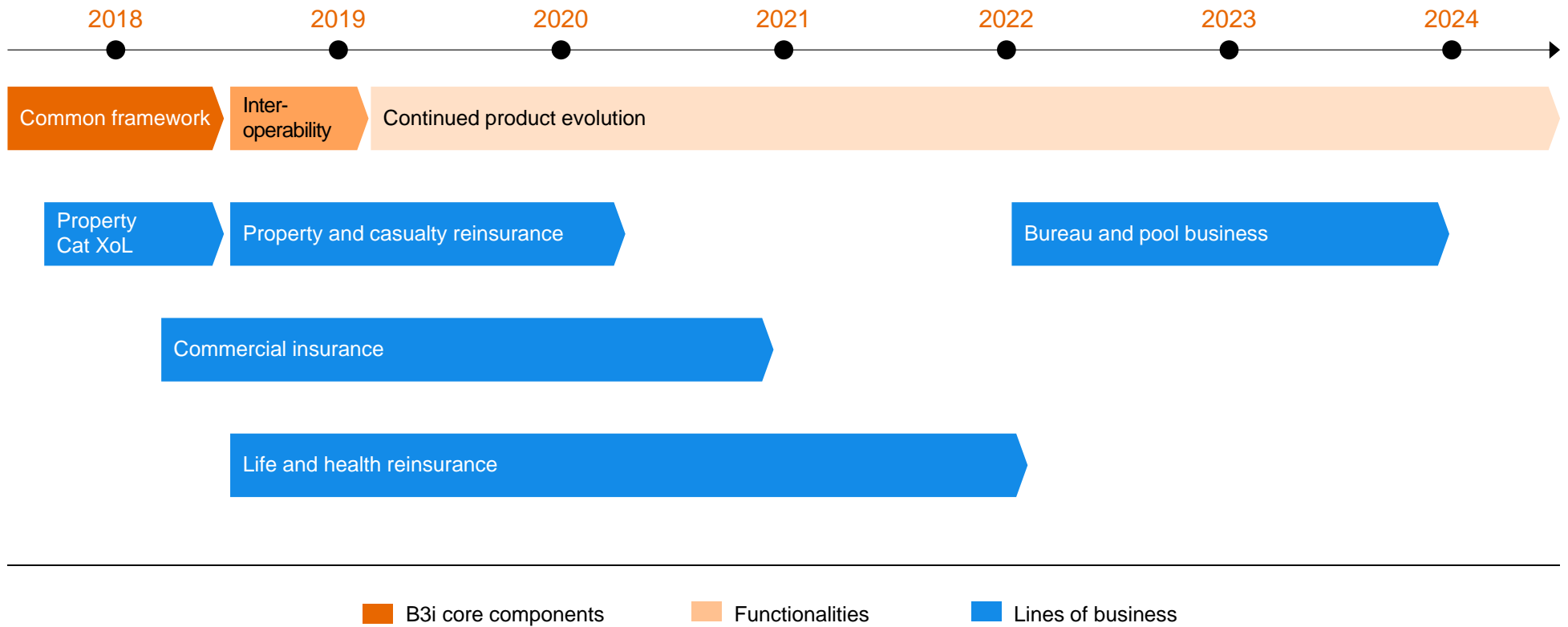
Intra group reinsurance

Support services

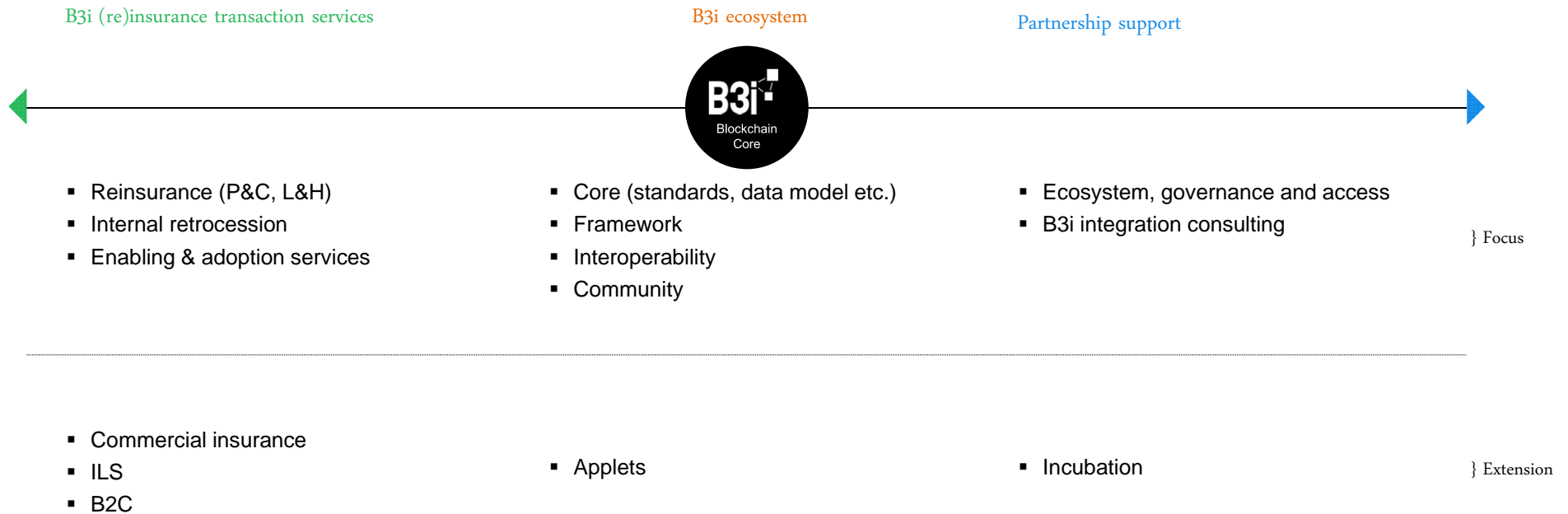
Partnerships



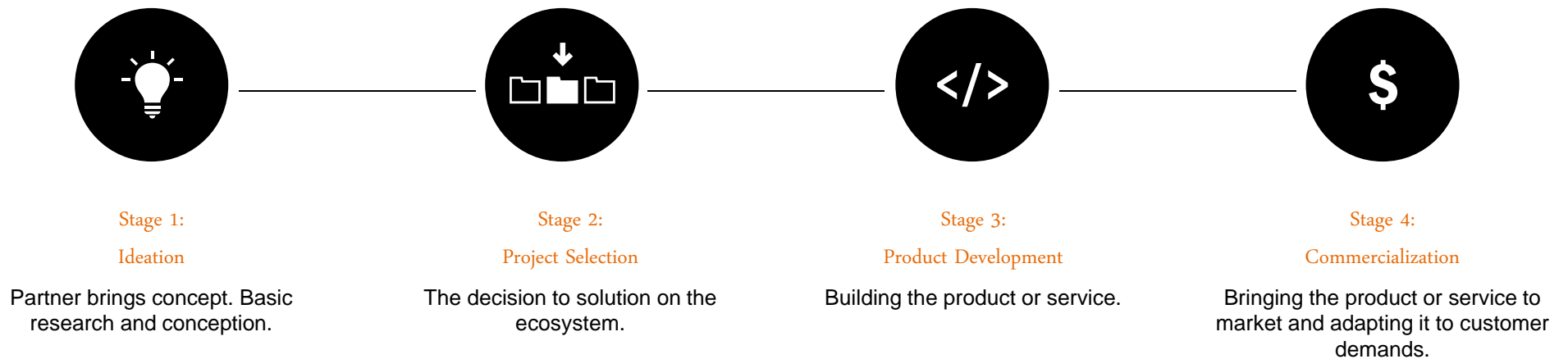
Product Roadmap



Longer Term Priorities



High-Level Partnership Journey



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Future Perspective

Insurance Industry Is Evolving Towards Digital Platform Ecosystem

Today: Pen & Paper

Silos

→ No integrated systems

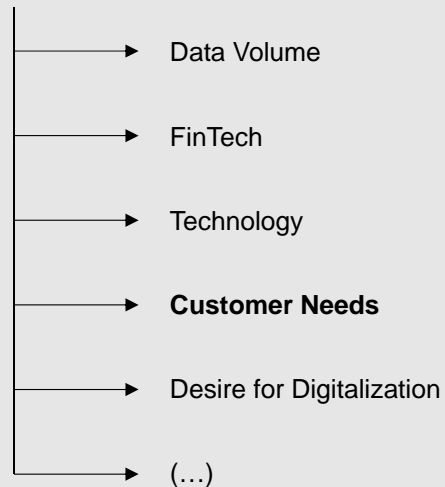
Pipeline

→ Manual handover between parties

Inefficient

→ Paper based transferring of risks

Drivers



Tomorrow: Digital Platform

Platform Economy

→ Business benefit increases with more parties; the power of the network

Standards

→ Setting the standard for evolving technologies; a common language to provide fluidity

Technology

→ Shared infrastructure creates efficiencies; economies of scale

A Future Blockchain-enabled Landscape

Reduced administrative costs and friction

- Reduced friction through secure, shared version of the truth (contracts & data)

Codifying complex contracts

- Codified logic ('Smart Contract') where feasible. Enforced version control

Regulatory transparency

- Openness and continuous monitoring and auditing

Digital world & paper processes

- Future ready, standardized data exchange with multiple participants
- Access to rich data set to assist modelling

Trust, digital contracts and data

- Trust through immutability, contract certainty and transparency of data
- Seriatim data access whilst preserving privacy

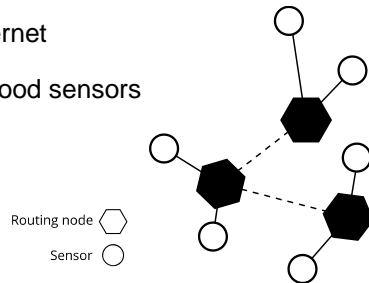
What Could the Future Look Like?

Customers



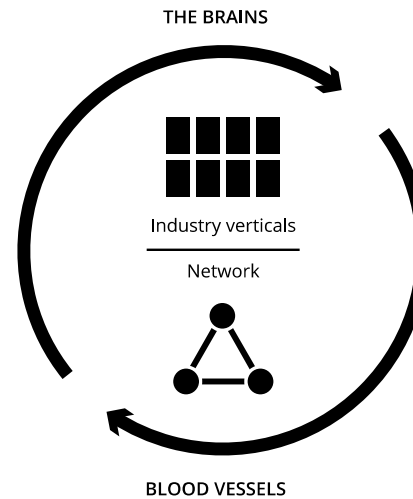
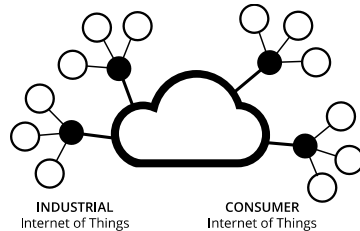
Smart Sensor Network

- Speed/Acceleration sensor
- Industrial internet
- Fire/Water/Flood sensors



Smart Device Network

- Self-driving cars
- Drones/Satellites
- 3D mapping trolleys
- ...



Ecosystem Services

- Car maintenance
- Road-side assistance
- 2nd hand car market
- Machinery maintenance optimization
- Supply chain tracking
- Parametric Insurance
- ...

Core Risk Services

- Providing risk capital
- Claim adjudication
- Fraud management
- Risk pricing
- Risk prevention consulting
- ...

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