

Allianz launches Blockchain prototype for captive insurance

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With Blockchain applications in the financial services industry on the rise, it's no surprise that global insurance giants are taking notice. German insurer Allianz [recently announced](#) the development of a new prototype product incorporating Blockchain technology for their captive insurance business. Allianz's captive insurance business collects premiums from each of Allianz's operating companies and pays out international clients' claims.

The adoption of Blockchain technology aims for a more streamlined process for international insurance transactions between insurers and clients. Blockchain technology also targets offering better data quality and communication compared to traditional transactional processes and user interfaces. Allianz [explains](#) that this prototype product differs from traditional insurance transactional processes because the prototype makes possible a distributed solution across multiple jurisdictions with a shorter cycle time, simpler process, minimized need for intermediaries, and greater transparency between the insurer and client. Their prototype-focused on two of their commercial products—professional indemnity and property policies, targets [three moments](#) in the captive insurance cycle: annual policy renewals, premium payments, and claim submissions and settlement.

This is not Allianz's first bite of the Blockchain apple. In 2015, Allianz acquired Everledger, a Blockchain startup, and first started [testing applications](#) of Blockchain as part of their disruptive technology initiatives.

The incorporation of this technology into an international insurance operations program may elicit unique legal questions about not only international cash transfer but also what its impact may be in the U.S.'s highly-regulated insurance environment. Though Allianz's venture indicates the potential for a significant improvement in efficiency of insurance transactions on an international scale, the lack of clarity around regulation of Blockchain-based transactions leaves its future in the American commercial and personal lines insurance industry uncertain. For a risk-adverse industry, the regulatory uncertainty and malleability of Blockchain technology may persuade insurers to proceed in adoption with caution.

On the other hand, it may just be the innovative product and platform that radically transforms the platforms on which insurance transactions rest, thereby significantly improving the customer experience, streamlining insurance transactions on multiple levels, and enabling productivity savings.