

AIG, IBM, Standard Chartered Deliver First Multinational Insurance Policy Powered by Blockchain

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NEW YORK--(BUSINESS WIRE)--Jun. 15, 2017-- American International Group Inc. (NYSE: AIG), IBM ([NYSE: IBM](#)) and Standard Chartered Bank plc announced they have successfully piloted the first multinational, “smart contract” based insurance policy using blockchain, a distributed ledger technology.

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The blockchain solution creates a new level of trust and transparency in the underwriting process, enabling AIG and Standard Chartered to execute multinational coverage more efficiently. Coordinating management and placement of multiple insurance policies across multiple countries is highly complex. The pilot solution was built by IBM and is based on Hyperledger Fabric – a blockchain framework and one of the Hyperledger projects hosted by The Linux Foundation.

Working together, AIG, Standard Chartered and IBM converted a multinational, controlled master policy written in the UK, and three local policies in the US, Singapore and Kenya, into a “smart contract” that provides a shared view of policy data and documentation in real-time. This also allows visibility into coverage and premium payment at the local and master level as well as automated notifications to network participants following payment events. The pilot also demonstrates the ability to include third parties in the network, such as brokers, auditors and other stakeholders, giving them a customized view of policy and payment data and documentation.

Rob Schimek, CEO of Commercial, AIG said: “Our pilot proves blockchain has a powerful role to play in the future of insurance. Any technology, including blockchain, that can increase trust and transparency for an industry whose pillars are built on that, should be fully explored. We’re excited to be delivering innovation that matters to our clients – and co-developing key components of this new technology together.”

The three parties chose to execute this initiative in one of the most complicated areas of Commercial Insurance – multinational risk transfer – to better understand blockchain’s potential to reduce friction and increase trust in other areas of the insurance value chain.

How it works:

- Blockchain, an immutable, security rich and transparent shared digital ledger provides a single view of truth across all participants while simultaneously providing selective visibility to participants based on their credentials.
- It provides the ability to record and track events and associated payments in each country related to the insurance policy.
- No one party can modify, delete or even append any record without the consensus from others on the network.
- This level of transparency helps reduce fraud and errors, as well as the need for the parties to contact each other to view policy and payment data and the status of policies.

Emily Jenner, Head of Insurable Operational Risk at Standard Chartered, said: “As a global bank we have to ensure consistent, trustworthy and secure financial transactions, be that as part of our business or as customers ourselves. By creating a process by which we can arrange multinational insurance contracts through blockchain we not only have transaction security but contract certainty across multiple business locations.”

Marie Wieck, General Manager, IBM Blockchain said: “There is tremendous opportunity to apply advancements in blockchain technology to transform the insurance industry. By creatively leveraging smart contracts to help address tough regulatory requirements across different markets, we are seeing the enormous impact blockchain can have to improve efficiency and open up new business models.”

The multinational “master policy” is written out of London and for the pilot, three local policies were chosen that cover the US, Kenya and Singapore. These three jurisdictions were chosen because the US is a large and complex market, Singapore is a growth market for Standard Chartered, and Kenya has a specific regulatory requirement, known as “cash before cover” which means that cover must be paid for before it is valid.

“We chose these three territories because of their importance to Standard Chartered and also because of their regulatory complexity, so that we could fully test how blockchain technology might make these contracts work more efficiently,” said Standard Chartered’s Jenner.

Notes to Editors

AIG

American International Group, Inc. (AIG) is a leading global insurance organization. Founded in 1919, today AIG member companies provide a wide range of property casualty insurance, life insurance, retirement products, and other financial services to customers in more than 80 countries and jurisdictions. These diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. AIG’s core businesses include Commercial Insurance and Consumer Insurance, as well as Other Operations. Commercial Insurance comprises two modules – Liability and Financial Lines, and Property and Special Risks. Consumer Insurance comprises four modules – Individual Retirement, Group Retirement, Life Insurance and Personal Insurance. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.

Additional information about AIG can be found at www.aig.com and www.aig.com/strategyupdate | YouTube: www.youtube.com/aig | Twitter: @AIGinsurance www.twitter.com/AIGinsurance | LinkedIn: www.linkedin.com/company/aig. These references with additional information about AIG have been provided as a convenience, and the information contained on such websites is not incorporated by reference into this press release.

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IBM

IBM is the leader in open-source blockchain solutions built for the enterprise. As an early member of Hyperledger, an open source collaborative effort created to advance cross-industry blockchain technologies, IBM is dedicated to supporting the development of openly-governed blockchains. IBM has worked with more than 400 clients across financial services, supply chains, IoT, risk management, digital rights management and healthcare to implement blockchain applications. For more information about IBM Blockchain, visit www.ibm.com/blockchain.

Standard Chartered

We are a leading international banking group, with more than 80,000 employees and a 150-year history in some of the world’s most dynamic markets. We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East. Our heritage and values are expressed in our brand promise, Here for good.

Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India.

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