



## **InsurTech - How to Harness Blockchain To Economically Deliver IoT**

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*“With the help of Blockchain-Technology, transactions can be stored in a chain of data blocks. It is based on a decentralized register/ledger. The insurance industry can help Blockchain automate processes (such as claims payments). New insurance models such as risk pools can also be developed. It is unclear exactly what role insurers will take in the future with such concepts and how the competition rules will change.”* Julian Hillebrand – Blockchain & Data Nerd

The number of sensors in the world is dramatically on the rise due to the continued growth of the Internet of Things (IoT). These sensors can collect and deliver data in real time and thus create a future where people and companies are alerted to events, enabling them to prevent risks proactively.

Big data is at the helm of this current disruption. It is both the agent for change and the solution for Property & Casualty (P&C) insurers looking to stay relevant and competitive. The challenge is creating a reliable real-time IoT network capable of capturing building information without spending hundreds of millions each year on purchasing, installing and maintaining IoT sensors.

Today’s model forces insurers to partner with third-party companies to deliver real-time data collection systems. This model prohibits the free flow of sensor data because it is locked up in short-term business cases. As the data becomes siloed and walled within exclusive collections, it creates a slow path to monetizing the asset and makes the volume of available data overly expensive.

In an ideal situation, insurers would have the ability to purchase data and analytics to deliver innovative solutions needed to drive InsurTech. However, making data available requires an incentive payment system that systematically invites IoT devices, integrators and customers to join an autonomous, self-generating incentive payment scheme.

Blockchain technology has the promise to create a model whereby insurers can reach into the market and purchase data and analytics without having to deploy an expensive third-party sensor network. Through proper incentivization of the entire ecosystem, Blockchain micro-payments could deliver a trusted marketplace structure where data is bought and sold. Each participant in the data-to-information chain would be afforded a small token, providing a mechanism granting insurers access to a trusted, global data market.

Several industry-led consortiums are currently collaborating to unlock the potential of blockchain across the insurance industry, including The Institutes RiskBlock™ Alliance. Services already exist to create marketplaces designed to sell and buy sensor data. As a decentralized marketplace for IoT sensor data using Ethereum Blockchain technology, Databroker enables sensor manufacturers and owners to turn generated data into viable revenue streams. Another avenue to deliver the micro-transaction solution is IOTA. IOTA is a scalable distributed ledger architecture with no transaction fees and can run in the IoT environment, making it possible to lower the minimum payment threshold to thousandths of a penny.

As sensors, machine learning techniques, and IoT evolve, they bring new data and capabilities to light allowing improved safety and resilience for businesses and individuals alike. To help ensure these technologies continue to advance at an economical pace, OneEvent is exploring how a blockchain structure can support a usage-based micro-payment incentive that can drive the adoption of self-perpetuating sensor networks.