

CLIENT ALERT

Blockchain Solutions Launched by European Nuclear Pools

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The reinsurance industry continues to utilize blockchain technology in new and innovative ways. Six European nuclear pools (from France, Germany, Spain, Sweden/Finland, Switzerland, and the UK) have tapped the Blockchain Insurance Industry Initiative (B3i) to develop solutions based on Distributed Ledger Technologies (DLT) for management of their inter-pool reinsurance contracts.

Because of unique issues presented by coverage for nuclear risks, insurers will “pool” or group their capacity to jointly underwrite such risks. Nuclear pools within a particular market (such as in a particular country) serve as the technical underwriting vehicles for the pooling of the net capacity for these risks.

In announcing this collaboration, B3i noted that “[t]he management of these pools is highly complex, and the international scope of the business, via the inter-pool exchange of risk, means that the insurance transactions are subject to a wide variety of processes and regulatory frameworks.” As a result of these complexities, these nuclear pools are uniquely situated to benefit from DLT-based solutions, which can bring increased contract certainty, process efficiency, and real-time portfolio oversight and management.

B3i and the nuclear pools are developing a DLT-based application expected to have immediate and scalable benefits in the placing and binding of inter-pool reinsurance contracts, and with the medium-term goal of utilizing the application for accounting and claims. B3i notes that “[t]he solution will also be designed to accelerate financial closing and a shared database will give the pools access to a high quality and structured dataset to improve risk analysis and audit/compliance performance.”

B3i anticipates that it will eventually extend this pool risk transfer solution to other domestic insurance pools and other coverage lines, including earthquake insurance.

Crowell & Moring stands ready to help clients understand the most promising uses of cryptocurrency and blockchain, whether they are developers and vendors seeking to capture new opportunities, or companies and end-users considering joining or deploying blockchain technology or networks.

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