

Bitcoin to disrupt the insurance industry



Bitcoin is undoubtedly a hot topic of discussion on the Internet. The web is flooded with helpful posts by experienced Bitcoin holders and queries from new users and enthusiasts.

A Bitcoin intro article posted by Rui Dong in The Future Actuary recently was highly appreciated. The informative piece is titled “ What is Bitcoin?”

The post came from the Society of Actuaries. A professional who deals with the financial effect of uncertainty and risk is called an actuary.

Actuaries are basically people who use complex mathematics to calculate what premiums the insurance provider should charge.

The world sees them as brilliant minds that assess the risks involved in life insurances, social welfare programs, pensions and annuities.

The article by Mr. Rui Dong starts off with the usual set of information. It mentions that the crypto currency in discussion is the first of its kind which has transformed digital assets forever.

The articles also discussed how the digital currencies are made, answered some frequently asked questions and talked about pseudonymous founder Satoshi Nakamoto.

Mr. Dong asked in the article why the digital currency is of any significance to the insurance industry and then explained it. He explained how the block chain technology has the potential to change the insurance world completely.

Although Bitcoin insurance companies like Aon are all that enthusiasts think about when thinking about bitcoins and insurances, but many do not realize that the block chain has a powerful effect on the insurance providers.

Mr. Dong discussed decentralized insurance and said that it might not be introduced in the near future but it is certain that technology is slowly breaking the traditional value chain up.

As technology is developing, the world is witnessing more policies being sold over the internet. These are managed by claim adjusters, underwriters, independent brokers and actuaries.

While he did not dig deep into the topic he gave ideas about what it would be like for not only insurers but also customers.

Insurers can create huge databases that are different from other insurers.

These unique databases cost millions to run, maintain and for additional costs. It takes a lot of time and resources to file a claim and reconcile audit requests. This can be changed with decentralized and shared databases.

It was also indicated in the article that with the help of crypto currency technology, people can write their insurance policies and then find a 3rd party to assume the risk involved.

Payouts and premiums can be automatically treated with block chain. This makes the process much cheaper.

Mr. Dong even said that perhaps The Affordable Care Act is not needed anymore. Insurers can adjust premiums in real-time and record the events instantly using the block chain

This actually shows how the block chain, not Bitcoin, was the greatest thing that Satoshi Nakamoto gifted the world with. Platforms like Ripple, Ethereum and Namecoin realize this.

Mr. Dong said the new technology is a leap towards digital assets and money can be in the 21st century.