

THE HYPERLEDGER CAPITAL MARKETS SPECIAL INTEREST GROUP *ANNOUNCES*

A presentation

Project Janus Tokenizing Insurance Linked Securities

By The Civitas Team

Founder: Kirthi K

Capital Markets SME: Habib Annous

Market Advisor: Ken Marke



Where:

<https://zoom.us/my/hyperledger.community.backup?pwd=dkJKdHRlc3dNZEEdKR1JYdW40R2pDUT09>

When: February 24th, 10:00 am EST(15:00 UTC)

Discuss: <https://wiki.hyperledger.org/display/CMSIG/2021-02-24>

On demand Capital for Insurance



Insurance Linked
Securities
powered by Polkadot



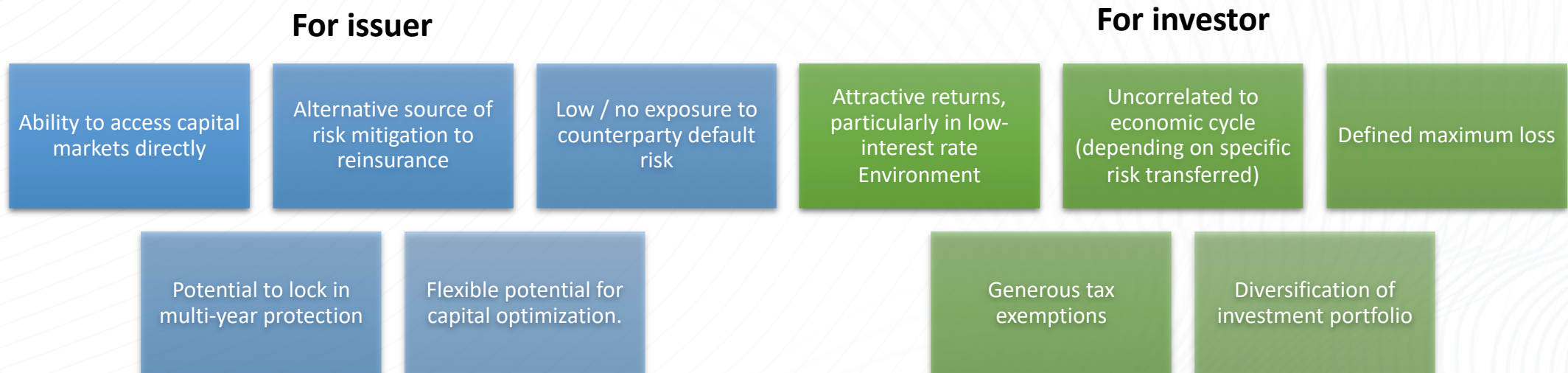


Insurance Linked Securities

Insurance Linked Securities (ILS) are financial instruments, which are sold to investors, where the value of the security is linked to an insurable loss event.

ILS are an alternative form of risk mitigation for insurance and reinsurance firms, offering a means for them to transfer risk to the capital markets through insurance special purpose vehicles (ISPVs)*

What are the benefits?**

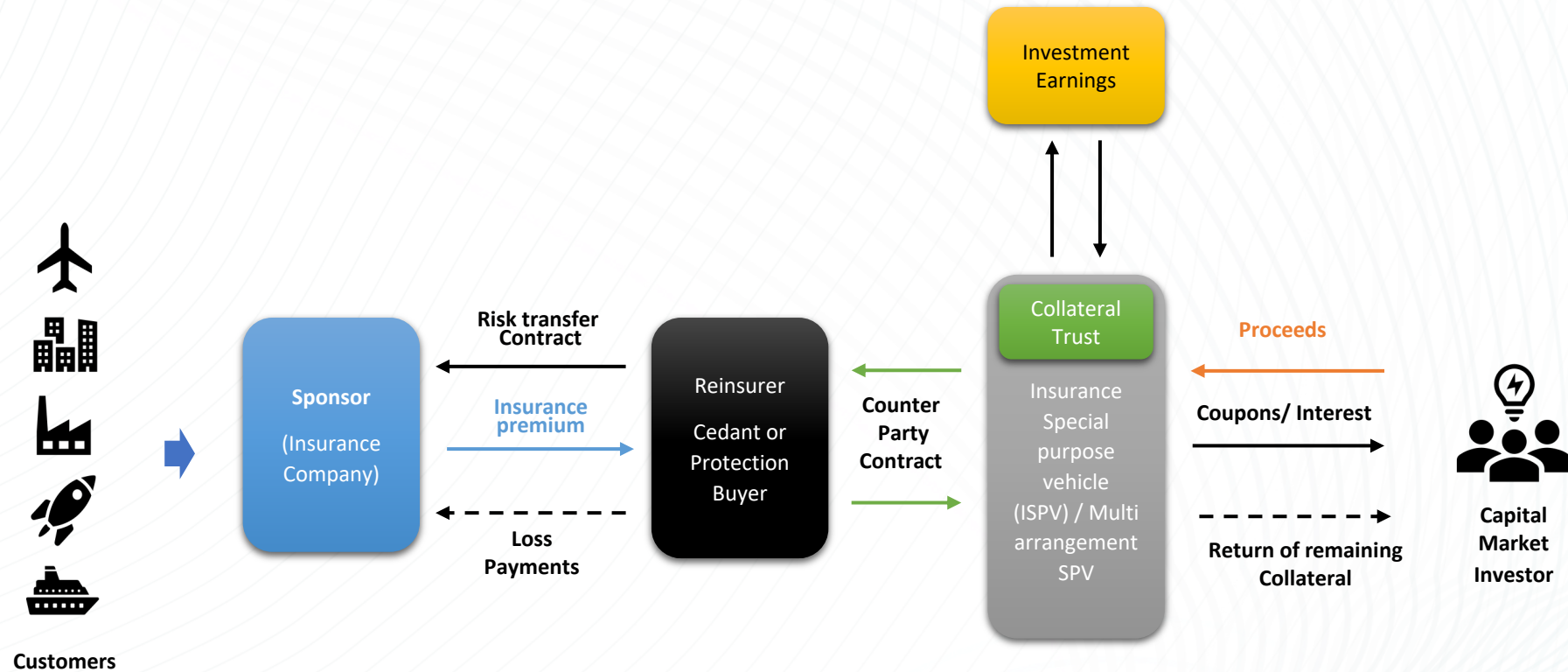


*FCA
** Actuaries UK



Generic structure: Insurance Linked Securities

Simplified view of transforming risk into a financial instrument





Why is ILS an attractive asset class?

Advantage of Insurance Linked securities

As of 2019 it is a \$104 billion* market and growing

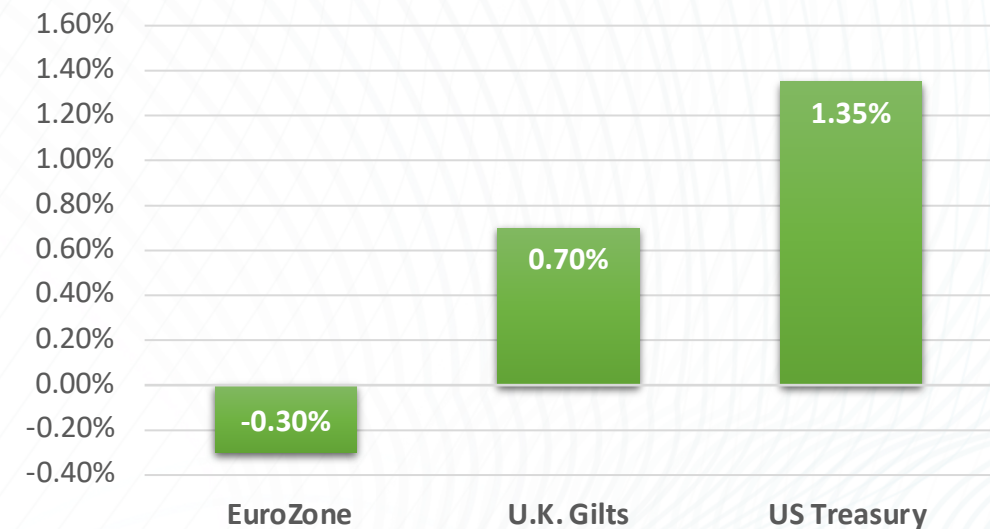
ILS have low correlation with the broader financial markets and offer a high degree of diversification to an asset portfolio

Between 2006- 2020 performance range has been between -5.4 % to 13.2 %**

ILS are floating rate instruments and are not exposed to interest rate risk

Yield ranges on Government Bonds, Feb 2021

10 Year risk free rate



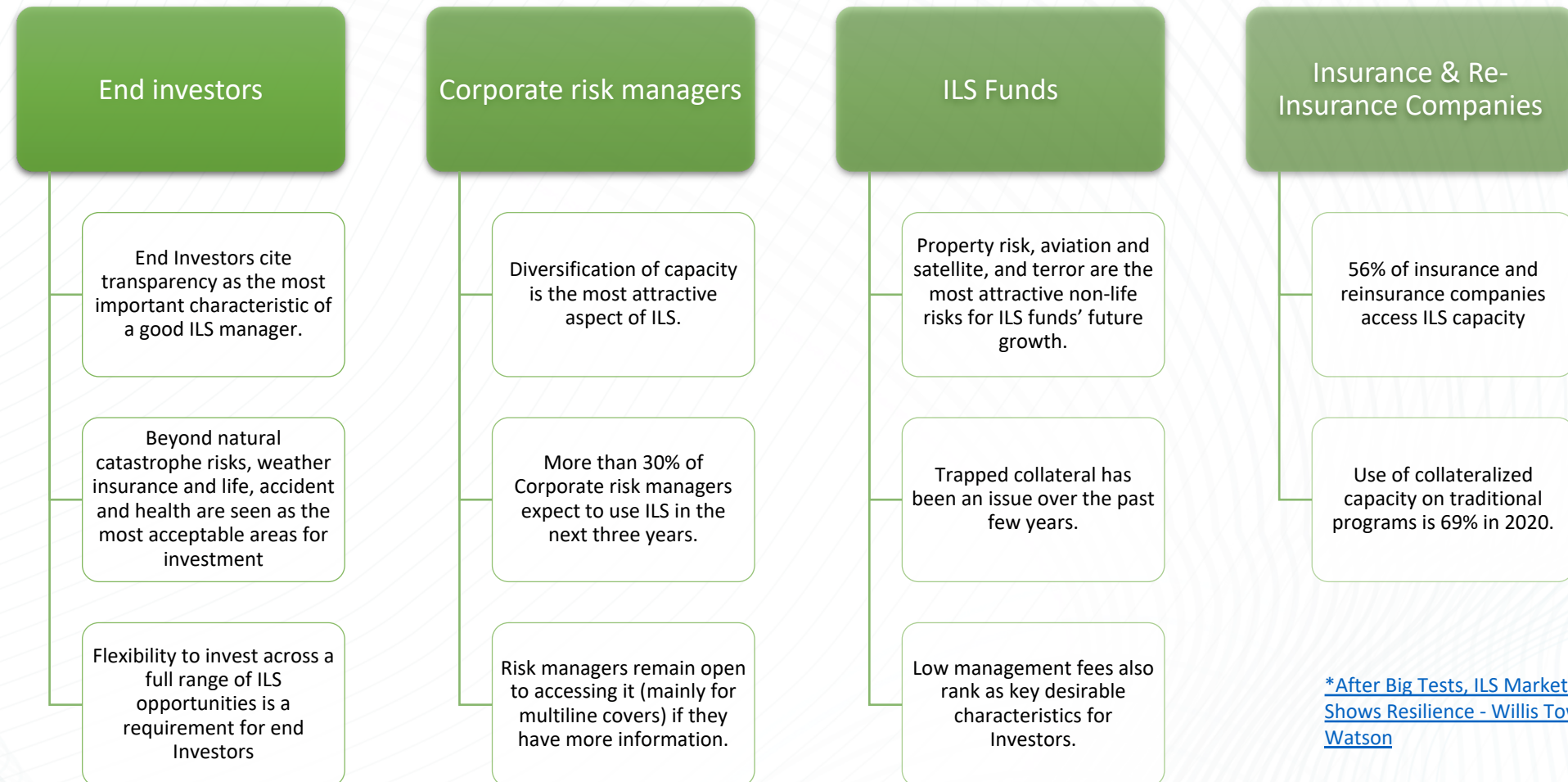
* Insurance Linked Securities Managers & Funds (ILS Fund Managers) - [Artemis.bm](https://www.artemis.bm)

** Eurekahedge ILS Advisers Index - An Index of insurance-linked securities investment funds performance ([artemis.bm](https://www.artemis.bm))



Need for efficiency in ILS

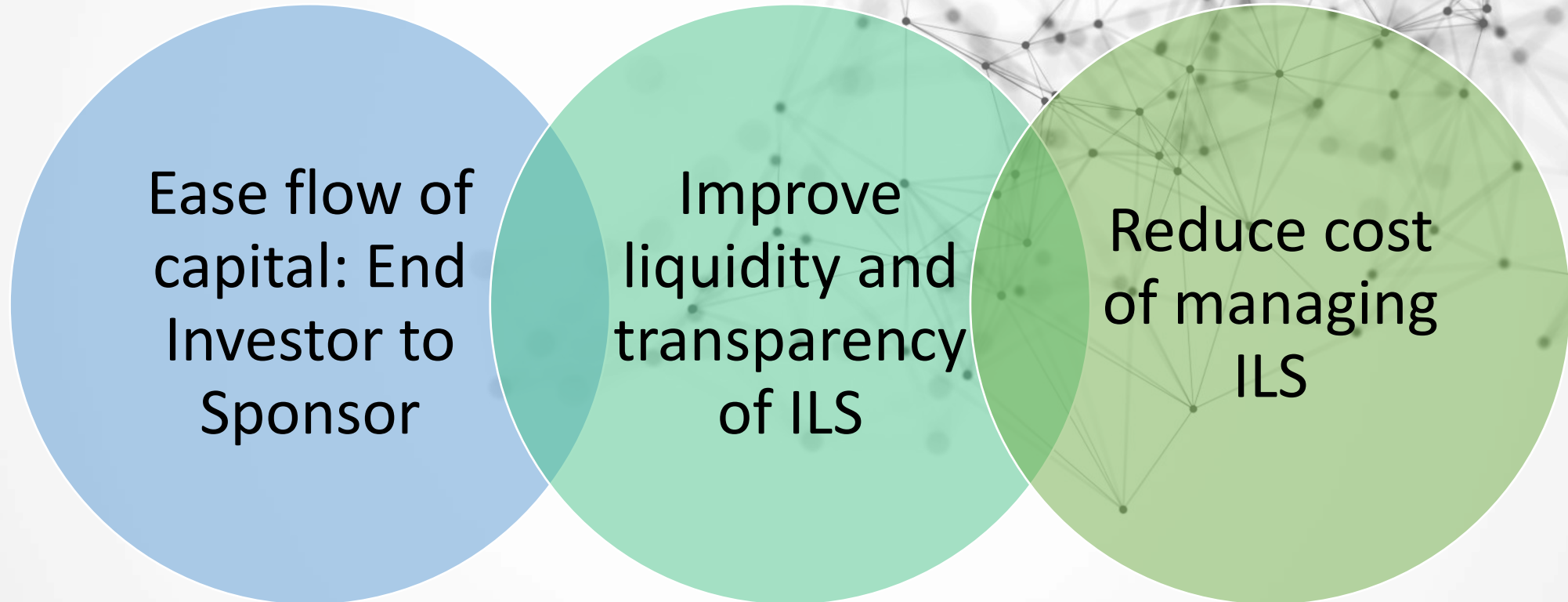
2020 Global Insurance-Linked Securities Market Survey Report : WTW*



[*After Big Tests, ILS Market Shows Resilience - Willis Towers Watson](#)



Project Janus





Project Janus

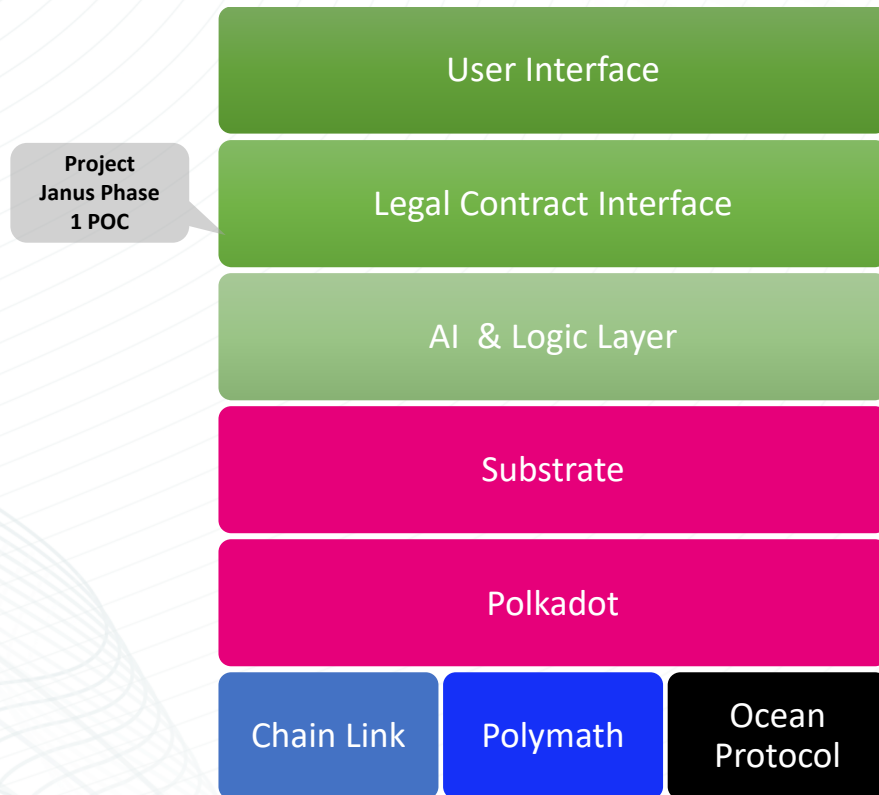
Phase 1: Intelligent Contract Data

Delivering superior capital efficiency and
customer outcomes at pace



Activating ILS capabilities using a tech-stack

Project Janus: Delivery Objectives

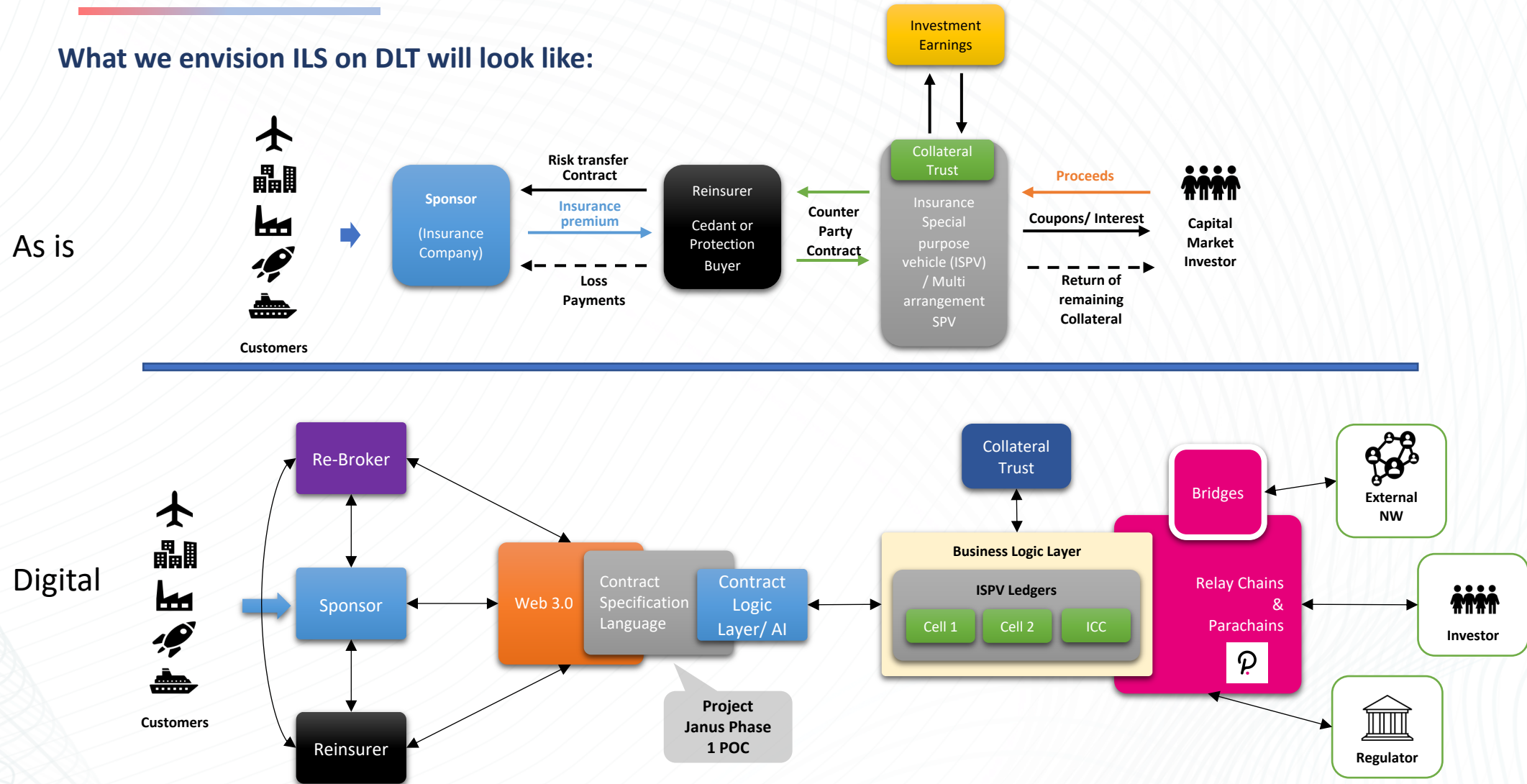


1. Polkadot capabilities allow dynamic needs of ILS instruments to be modelled effectively within the S2 framework.
2. Polkadot now facilitates economic scalability by enabling a common set of validators to secure multiple blockchains.
3. Polkadot enables cross-blockchain transfers of any type of data or asset, not just tokens.
 - a) Compliance by design: Ringfencing capital, Data and Identity
 - b) Enabling on demand capital for Carriers
 - c) Lowering Expense ratio of ILS instruments
 - d) Unlocking the ability to fund ILS instruments via Stable Coins or stable cryptographic assets.
 - e) Smart execution of Interest payouts
 - f) Ability to create staking models for tokenized ILS instruments
 - g) Linking parametric triggers to a specific Insurance risk for instant pay out.



Digitising the mISPV

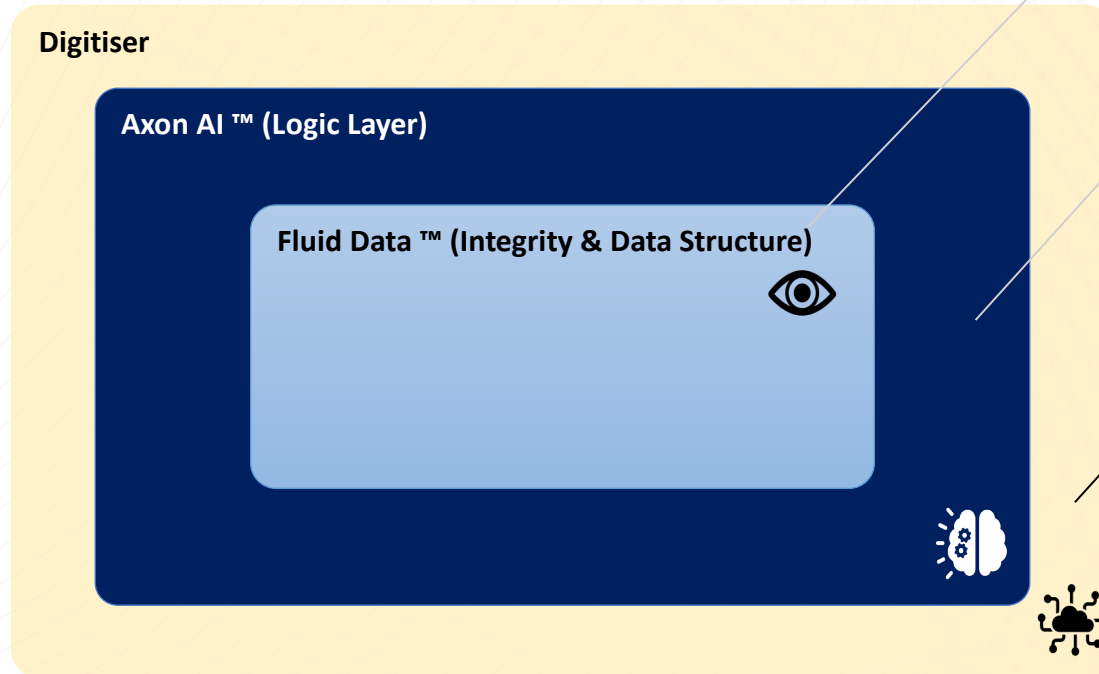
What we envision ILS on DLT will look like:





Enabling intelligence in contract data

**Simplifying
complexity of
an Insurance
Contract
using
Structure and
Intelligence**



**Monitor contract integrity
and compliance; proactively
notify any change**

**Process real time contract
specific information i.e. Tax,
Schedule, Exposure, Credit
Line**

**Interoperability and digital
portability for easy plug and
play adapters: Unity Domain
Model**



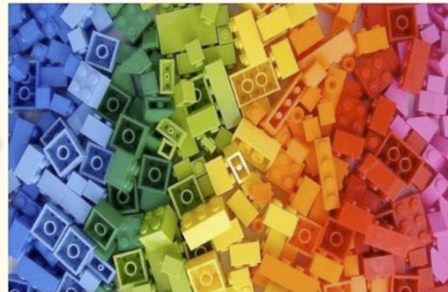
Our approach to Capital Efficiency

Modular technology helps us build Intelligent Risk Data that autonomously manages lifecycle events.

Fluid Data™



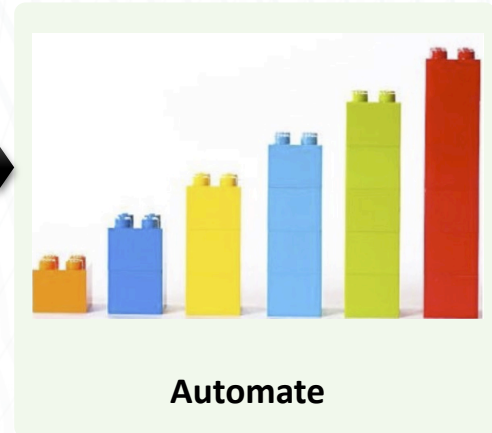
Capture



Sort



Structure



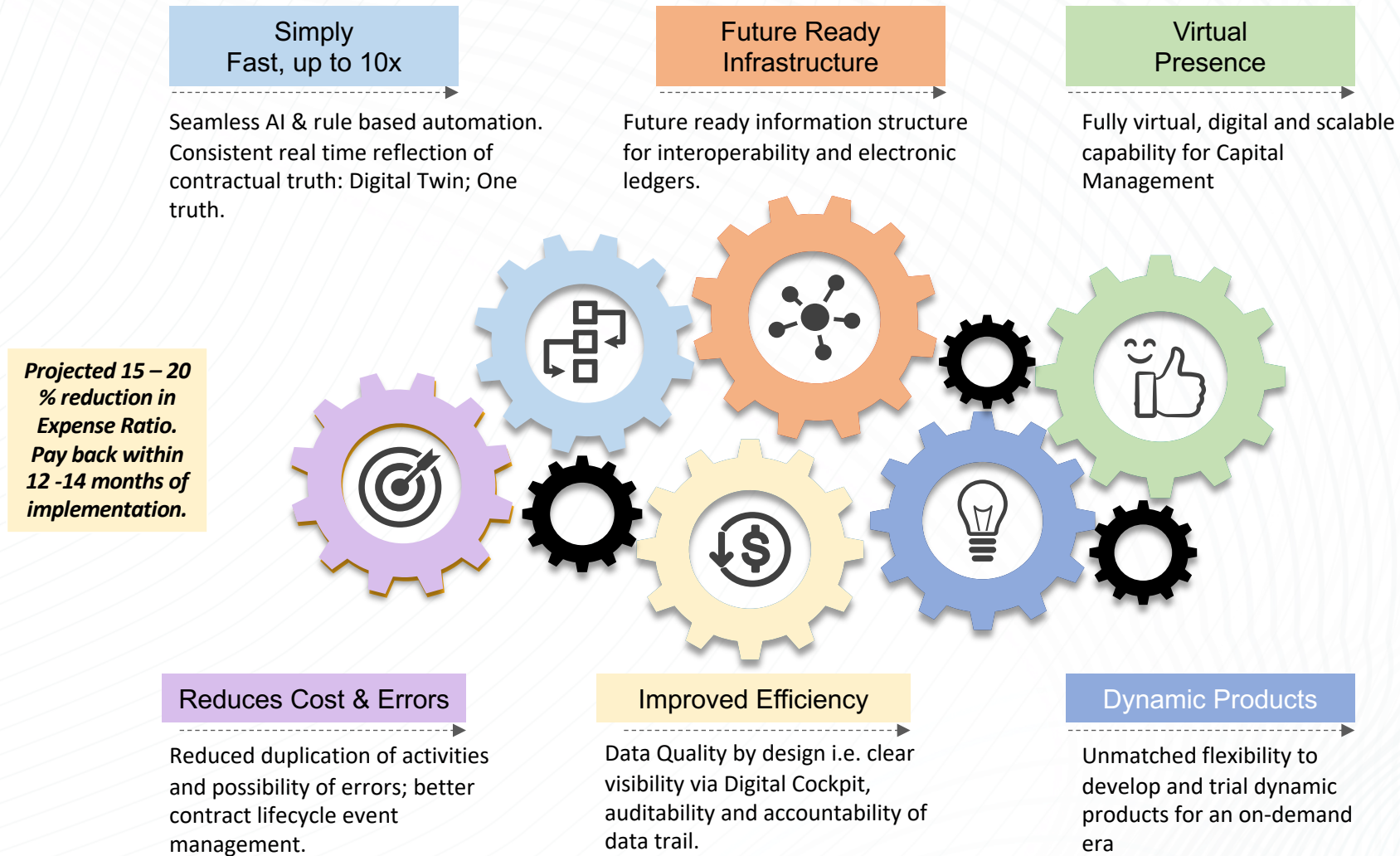
Automate

Axon AI™



“Our technology is legacy friendly: our solutions are technology agnostic”

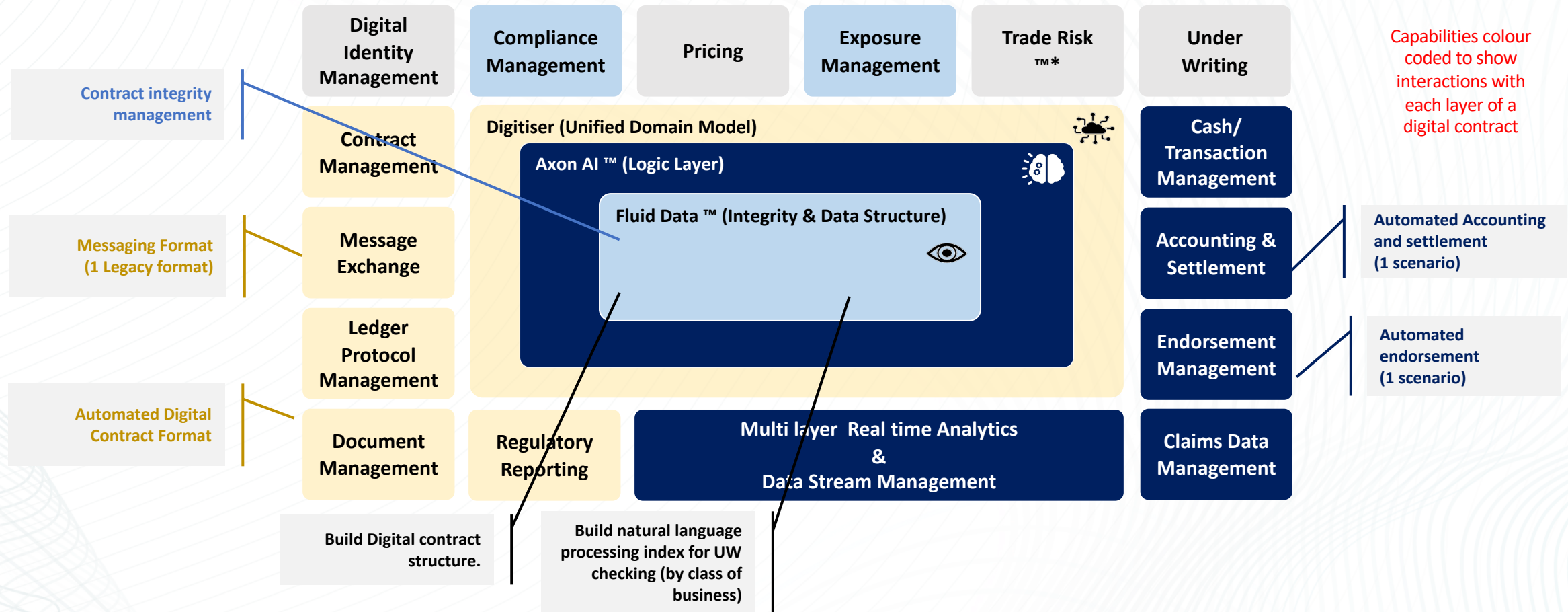
Improved visibility and efficiency of Portfolio

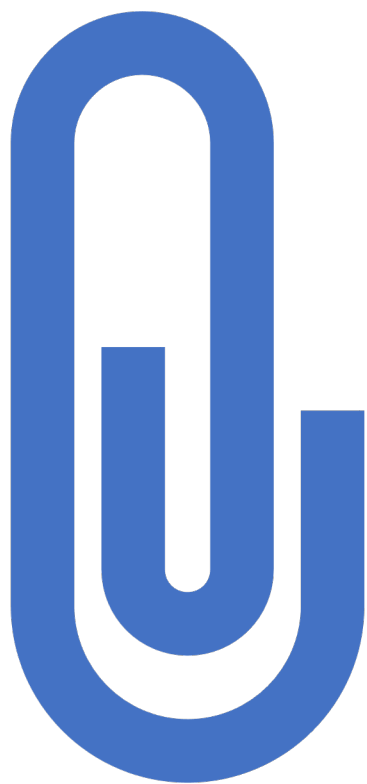




Feature coverage in Minimum Viable Product (MVP)

Fluid Data & Axon AI's Interaction with insurance capabilities: a digital spine to connect and improve management of critical portfolio objectives of the business.





Annex

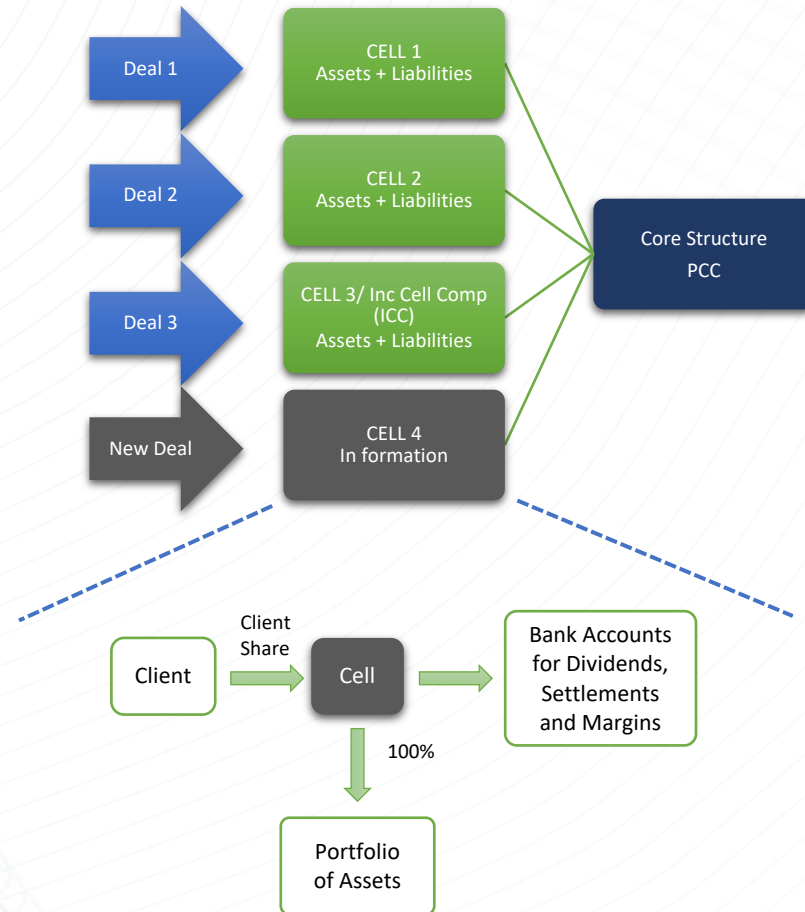


Team

- Non-Executive Director & Capital Markets SME : Habib Annous
- IT Service & Delivery Advisor : Himanshu Patra
- London Market Advisor & Mentor : Ken Marke
- DLT strategy & Architecture : Vipin Bharathan
- Technology Alliance: OTC Digital : Mani Pillai
- Business Architect, Founder/ Director : Kirthi Gogulamudi

Structure of a ILS Cell

Multi-arrangement ISPV (mISPV) using PCC structure



Core requirements for design as set out in the Solvency 2 framework:

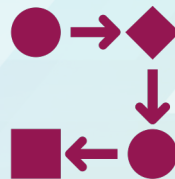
- The transfer of risk to an ISPV must be in the form of reinsurance or “similar arrangements”
- The ISPV must be fully funded at all times, in other words that it must have capital available which is sufficient to meet its aggregate maximum risk exposure;
- The rights of investors must be subordinated to the ISPV’s obligations to cedants.
- There must be an effective transfer of risk and the extent of the risk transfer must be clear and incontrovertible.
- There must be appropriate systems of governance relating to the management, shareholders and administration of the ISPV.



What are we solving for?

Making Data work for you. Technology agnostic contract data for Capital Efficiency

We help Insurance Market players build rich data-object based contracts. These contracts act as a digital spine to connect and improve management of critical portfolio objectives of the business.



- **Fluid Data™** solution, structures contract data (“Lego style”) into a fully digital format that is human and machine executable at the same time. A possibility of up to 10x improvement in speed of the value chain, while lowering cost of operations.



- **Axon AI™** when combined with Fluid Data, enables extensive automation of activities that historically required manual processing. It liberates human capital to focus on growth, innovation and better customer outcomes.