



This month, we continue to keep you abreast of the major innovation themes driving the insurance industry, starting with how blockchain continues to accelerate transformation in the insurance industry. Our new featured report on blockchain takes a thorough look at the current and future of this fairly new phenomena, how the industry is responding, popular use cases for insurance, and more.

In this issue, we also provide you with articles, reports, and guidance on cybersecurity, building trust in your data, digital labor's growing role, economic considerations of Trump's tax proposals, and more.

Thank you for allowing us to provide you with current, compelling content that hopefully leaves you with a new perspective on the trends driving the insurance industry.



*Laura*

**Laura J. Hay**  
National Sector Lead, Insurance

## Featured Report

### Innovation Industry News

### Innovation, Disruption, and InsurTech/Fintech

### Digital, Data, and Analytics

### Industry Insights and Surveys

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## This Month's Featured Report

### [Blockchain accelerates insurance transformation](#)

These days, it seems everyone is talking about blockchain. Major insurance companies are investing into it, consortiums are forming around it, and investors are pouring in capital. While still early, evidence suggests blockchain technologies will create significant commercial and economic value for the insurance industry.

## Innovation industry news

### **Carrier and start-up partnerships continue: Sure partners with Nationwide.**

- Nationwide announced a partnership with New York-based insurtech start-up, Sure, developers of the first on-demand insurance mobile app in the United States. The partnership will put Nationwide's renters insurance on Sure's on-demand insurance app initially in California and Washington.
- Sure, one of the pioneers of "episodic insurance," enables consumers to purchase renters insurance as they shop for an apartment or condo.
- Nationwide is the first national insurance provider to offer renters insurance via a real-time mobile app, and has announced that the partnership with Sure will help increase Nationwide's foothold into the millennial market.

### **Blockchain makes progress with insurers: B3i consortium announces plans to expand.**

- The Blockchain Insurance Initiative (B3i), which was founded by the world's two largest reinsurers, Munich Re and Swiss Re (along with insurers Aegon, Allianz, and Zurich), plans to announce new members over the course of the coming weeks, according to Reuters.
- B3i was initially launched to explore the use of blockchain technology in the insurance industry, and may create a separate operating entity to manage contracts and claims using the technology as early as 2018.
- The consortium will begin testing its blockchain database in March, and expects to present results in mid-June.

### **Insurers continue to look to VC: Northwestern Mutual launches \$50 million fintech venture fund.**

- Northwestern Mutual recently announced a \$50 million corporate venture capital fund to deploy equity in fintech and insurtech start-ups, in a bid to expand its digital offering and capabilities.
- The announcement makes Northwestern Mutual the latest in a long line of large insurers to stand up a dedicated VC arm to back disruptive start-ups and technologies as established carriers look to keep pace with evolving technology headwinds impacting the insurance sector.
- Northwestern Mutual Future Ventures will not shy away from early-stage investments, and intends to invest anywhere between \$500,000 and \$3 million in technology-led companies that have primary or secondary impacts to Northwestern's core business lines.

## Innovation, Disruption, and InsurTech/Fintech

### [How driverless cars will transform auto insurance and shift burden onto AI and software](#)

In the era of autonomous cars, driving will become safer. With a predicted 80 percent drop in accidents by 2040, there are major implications for the car insurance industry. **Jerry Albright**, Advisory principal, KPMG LLP (KPMG), addresses the role of cognitive learning in making autonomous cars safer, a smart environment where nearly everything is communicating, and more.

### [Are you ready to be a bot boss? | 3 critical questions \(and answers\) about Digital Labor](#)

**David J. Brown**, Shared Services and Outsourcing Advisory, KPMG, asks three critical questions to all firms as digital labor becomes more embraced as a way to not only cut costs, but also start providing broader benefits too.

## Industry Insights and Surveys

### [How can insurers cover cyber crimes?](#)

**Laura Hay**, national sector leader, Insurance, and **Matt McCorry**, national Advisory leader, Insurance, both of KPMG, provide insurance firms with five baseline topics to think about when considering their own cyber offerings.

### [Facing the cyber threat in the insurance sector](#)

The latest article in our CEO online series suggests insurance CEOs may need to go back to basics to ensure their cyber investments are protecting against the right risks in the right way. Based on our experience, we provide five key areas CEOs may want to focus on before investing significant sums into cybersecurity.

### [KPMG 2016 Common Reporting Standard Survey Report](#)

This survey report focuses on the views and behaviors of bank, asset management, and insurance professionals working to bring their FIs into compliance with the CRS. This survey report summarizes the findings of 146 high-level tax and compliance professionals—their views and insights into what their organizations are doing to comply with the CRS regulations.

## Regulations

### [Economic considerations of Trump's tax proposals](#)

This report examines the cyclical and structural backdrop that could affect the efficacy of Donald Trump's plans as he enters the presidency. The discussion includes a look at Trump's tax policies, including proposals for lower individual (personal) and corporate taxes, and considers two offsets to pay for the tax cuts.

## Accounting

### [Issues & Trends in Insurance](#)

The National Association of Insurance Commissioners (NAIC) recently discussed topics such as implementing jurisdiction-based reserving, group capital calculations, status of qualified jurisdictions, cybersecurity, and applying recently issued FASB standards to statutory financial reporting at its fall meeting in Miami.

### [Sharpening Focus Around Accounting for the Provisions of the ACA](#)

Given the expected influx of the newly insured, provisions of the Affordable Care Act (ACA) include risk mitigation programs to help alleviate any adverse financial and other consequences within the health insurance market. In addition, the ACA established new premium and claim subsidy programs to make health insurance more affordable. **Jennifer Shimek**, Advisory principal, and **Eric Lowy**, Advisory director, both of KPMG, examine these programs in detail, including enrollment reconciliation, cost share reduction, and the ACA 3Rs programs.

### [Offering Insights in Times of Rapid Change in Tax](#)

In this KPMG report, we delve into some of the top issues facing Chief Tax Officers (CTOs) today, including the potential for tax reform, section 385 regulations, benchmarking tax department compensation, and increased sales and use tax audit activity.

## IFRS

### [The future of financial instruments accounting](#)

The IASB has started its discussions on the classification under IFRS 9 of financial assets with symmetric "make-whole" prepayment options, having agreed in December 2016 to add narrow-scope project to its agenda. This KPMG report provides insight on the Board's January 2017 meeting on this topic and potential ramifications moving forward.

### [IFRS 17 standard expected in May 2017](#)

IASB expects sweep issues from the IFRS 17 fatal flaw review to be discussed in February.

## Events

### [Live Webcast | KPMG 2016 Chief Compliance Officer \(CCO\) Survey Results](#)

Attend this KPMG-hosted Webcast on February 15 to learn about the key CCO survey findings, which may provide you and your organization with valuable insights into additional enhancements to consider to strengthen your organization's compliance activities.

### [Live Webcast | The Digital Insurer Webinar: Peer-to-Peer Insurance & Community](#)

Join **Murray Raisbeck**, partner, KPMG, and other insurance professionals as they cover viewpoints from across the eco-system, from insurers to technology providers.