Blockchain has been a breakthrough that the insurance industry was waiting for since a long time. This concept has immense potential to get rid of costs that are associated with intermediaries in the insurance value chain. By bringing in cent per cent transparency and thereby forging trust, the need for intermediaries vanishes, and this leads to major value additions across the full value chain from product development to reporting and compliance.

Business Challenges

- Auditor uses wrong class codes that could be either in the insured’s favor or the insurer’s
- Incorrect payroll or sales numbers: exempted payrolls. E.g., executive officers or subcontractors not excluded from the payroll calculation
- Auditors receive kickbacks from insured to sign-off high expenses with low premiums.
- Employee numbers can be misrepresented or incorrectly classified in lieu of low premiums.

Solution Overview

Birlasoft’s blockchain powered premium audit solution offers automatic payroll data submission from the insured’s payroll or accounting systems, to the insurers’ blockchain solution, at pre-defined intervals. This solution entails smart contracts, processing this data for conducting the premium audit, assigning class codes and determining the correct payroll for the policy period, thereby calculating the audited premium. In nutshell, this solution eases the premium audit process for both the insurer and the insured, eliminating premium leakage for both the parties and offering full transparency in the process.
Key Benefits

Eliminating common audit mistakes

- Using accurate class codes based on the nature of business

Economic benefits for insurance companies

- Potential to eliminate close to 70% of the physical audits and save associate auditor fees
- Eliminate premium leakage
- Increase in audit speed
- Efficient and effective audit results lead to increased customer satisfaction
- Save money paid to auditing consultants
- Accurate premium determination has the potential to drive insurers’ premium growth

Economic benefits for insured

- Avoid overpayment of premiums due to audit mistakes
- Reduced effort in complying and supporting premium audits
- Reduced premiums for participating in blockchain set up with the insurance companies

Blockchain Premium Audit Solution

Leveraging blockchain technology for eliminating or substantially reducing the pain areas in the audit process.