Blockchain Adoption in the Korean Insurance Industry: Review and Response

In the age of 4th industrial revolution, insurance utilizing IT technologies such as Blockchain, AI and IoT enables more efficient management through sweeping restructuring of existing business operation. Especially, in case of Blockchain, the R&D on its utilization plan in insurance industry is in great progress. In this regard, insurance industry endeavors to expand gradually its service range based on the development of Blockchain technology.

Many projects are currently underway with Blockchain technology. Most of them, however, are still in ‘proof of concept’ stage. Commercial Blockchain models for existing customers and markets are mostly in developing stage. It appears to take two or three years to see commercially successful cases of the blockchain models. That is, Blockchain has great potential but, considering switching costs, it takes time to realize the potential.

This report discussed the decision making of insurance companies in Korea on adopting Blockchain. Five evaluation factors for decision making on adoption of Blockchain are suggested through library research and interviews with experts. Since the factors indicate the merits of Blockchain, it is deemed that adopting Blockchain is positive for each insurance company if they are necessary. This paper contributes to the Korean insurance industry and the financial authorities by clearly explaining the true nature of blockchain technologies; by providing various use cases on Blockchain; and by evaluating the effects of adopting Blockchain; and by suggesting applicable Blockchain models.