



The Metaverse & Insurance: Pixel Perfect?

Professor Michael Mainelli & Simon Mills, Z/Yen Group

Webinar, Thursday, 20 January 2022, 11:00-11:45 GMT



A Word From Today's Chairman

Professor Michael Mainelli
Executive Chairman
Z/Yen Group





Today's Agenda



- 15:00 – 15:05 Chairman's Introduction
- 15:05 – 15:10 Professor Alistair Milne, TECHNGI
- 15:10 – 15:25 Keynote Presentation
- 15:30 – 15:45 Question & Answer



The Metaverse & Insurance
Pixel Perfect?

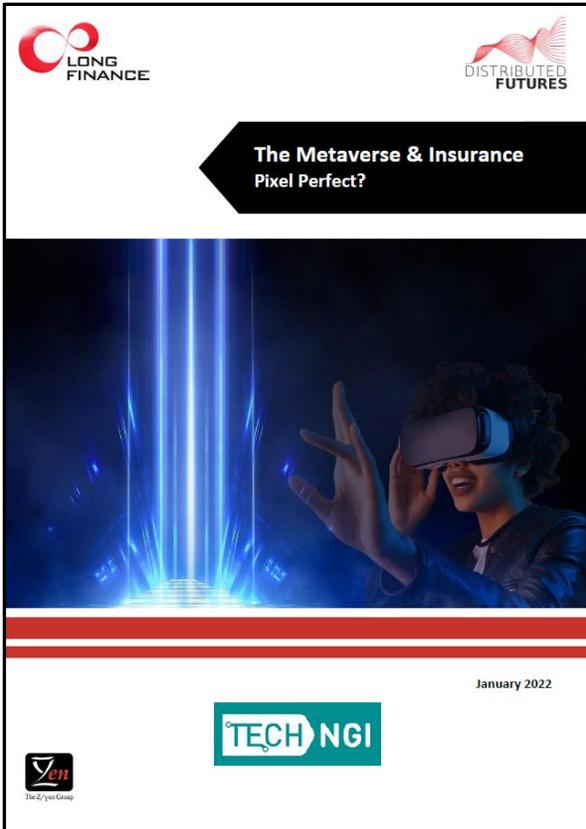


January 2022





The MetaWhat???



“So Hiro’s not actually here at all. He’s in a computer-generated universe that his computer is drawing onto his goggles and pumping into his earphones. In the lingo, this imaginary place is known as the Metaverse. Hiro spends a lot of time in the Metaverse. It beats the shit out of U-Stor-It.”

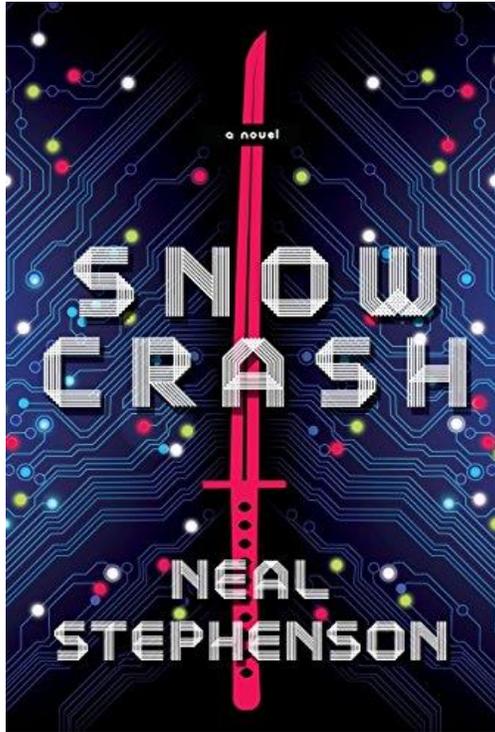
[Neal Stephenson, “Snow Crash”, 1992]



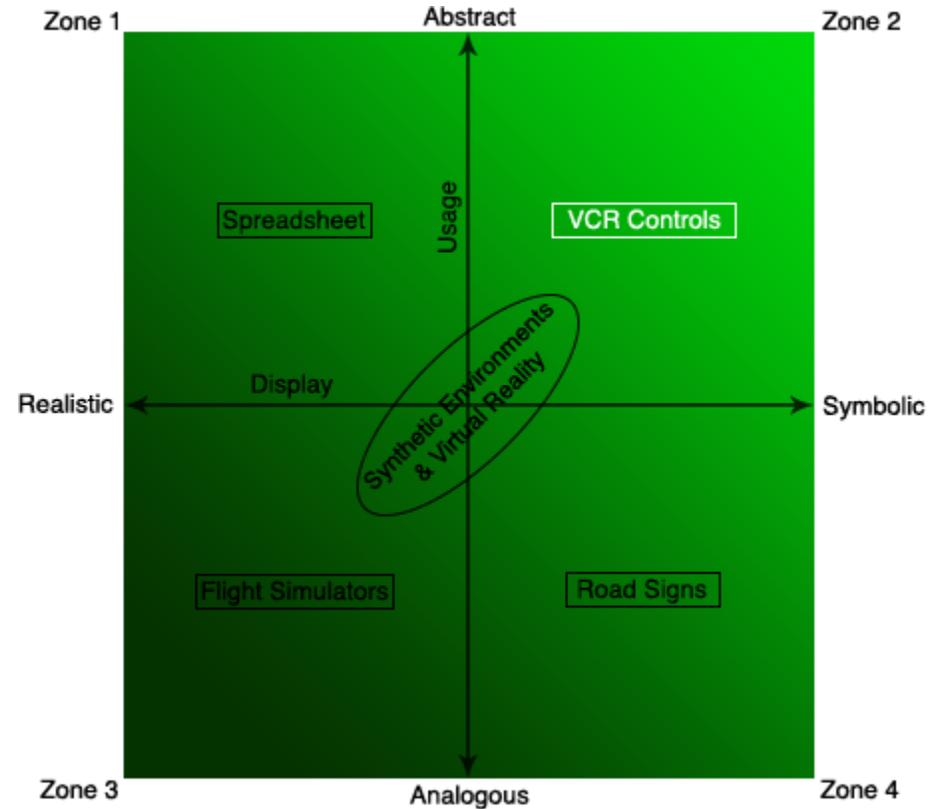
Bandwagon?



1992



Financial Laboratory - 1997



2022



3 August 2021,
10:00 - 10:45

[Augmenting The Augmentors -
How The Great Western Metaverse
Will Be Built?](#)

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Professor Alistair Milne, TECHNGI, University of Loughborough



Professor Alistair Milne





Today's Speaker



Simon Mills
Senior Analyst
Z/Yen Group



The Metaverse From Science Fiction To Science Fact



- A persistent virtual shared space combining virtual reality, augmented reality, and the Internet
- Concept first floated in 1980s - Popularised in the science fiction novels and films
- Widely touted as a virtual reality-based successor to the Internet
- Has the potential to impact on a wide variety of fields
- Facebook's parent company has recently rebranded as 'Meta', planting a (virtual) flag in the Metaverse





Example



- Ariana Grande is one of a number of musicians, to perform a series of concerts in the metaverse
- Using the video game 'Fortnite' as her platform, the show was held five times in different time zones, and has been viewed by more than 12 million people
- It is estimated that this concert earned the singer \$20 Million

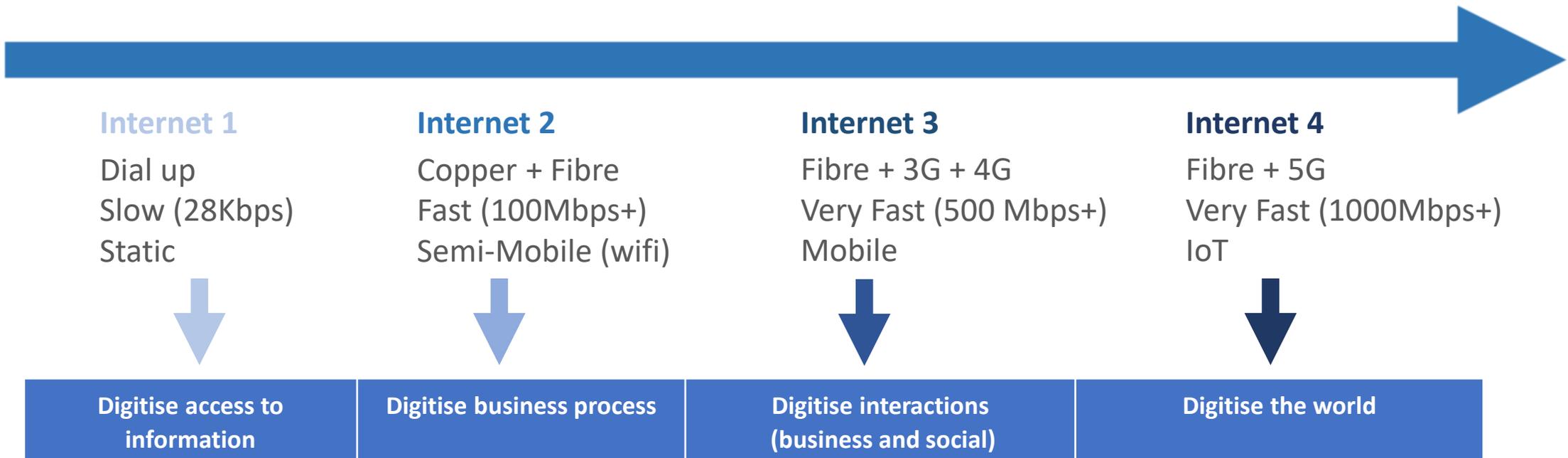




Pinning It Down



- Metaverse' is a term to describe interlinked, persistent, shared, 3D virtual reality spaces - It is an alternate space for social commerce
- It's already here – although still far from reaching its full potential





Reality Check



- The Metaverse is currently a series of walled gardens
- It requires phenomenal bandwidth, limiting access and utility in areas with poor coverage
- Current wearable technology is neither stylish nor comfortable
- Use-functions, such as fintech, do not require the metaverse



- VR devices are getting smaller, cheaper, and faster
- The rise of 5G will mean that the Metaverse could be accessed by the latest generation of mobile devices
- Connectivity will come as a result of user demand



A Prototype Augmented Reality contact lens by Samsung



Use Cases & Implications For Business



Uses

- Entertainment
- E-commerce
- Business meetings
- Specialist applications

Implications

- Hyper-connectivity
- Semblance Of Quality Dominance
- New Land Grabs

Case studies In the report include:

- Barbados
- South Korea
- Second Life
- YuLife
- Roblox
- Decentraland
- Legacy
- Superworld
- Republic Realm
- Epic Games
- The Virtually Group
- Microsoft
- Nvidia
- Meta
- Snap
- Google
- ByteDance
- Tencent



How big an impact will the Metaverse have?



Challenges & Opportunities For The Insurance Sector



Michael Porter's classic approach to "*How Competitive Forces Shape Strategy*" (Harvard Business Review 1979) is a good place to start in examining the challenges and opportunities that the Metaverse presents.



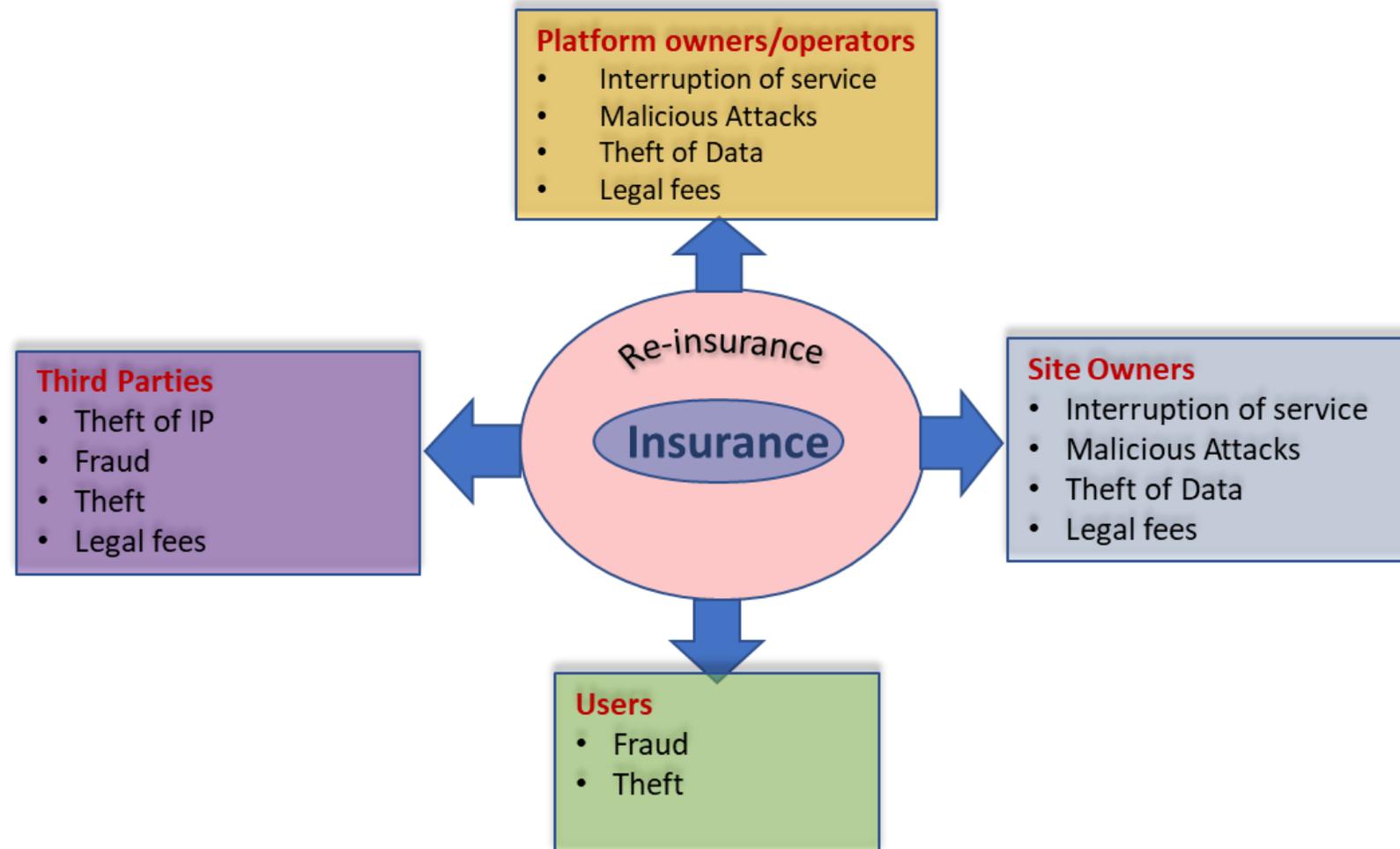


- Sales in the Metaverse
- New products
- Collaboration
- Modelling and Risk Assessment
- Virtual claims assessment





- Insuring virtual assets
- Personal data and identity





Who is selling to insurers?

- Capital Providers;
- Advertisers;
- ICT Providers;
- Legal Services.

How could the Metaverse change their products and services?

Are new products and services needed?



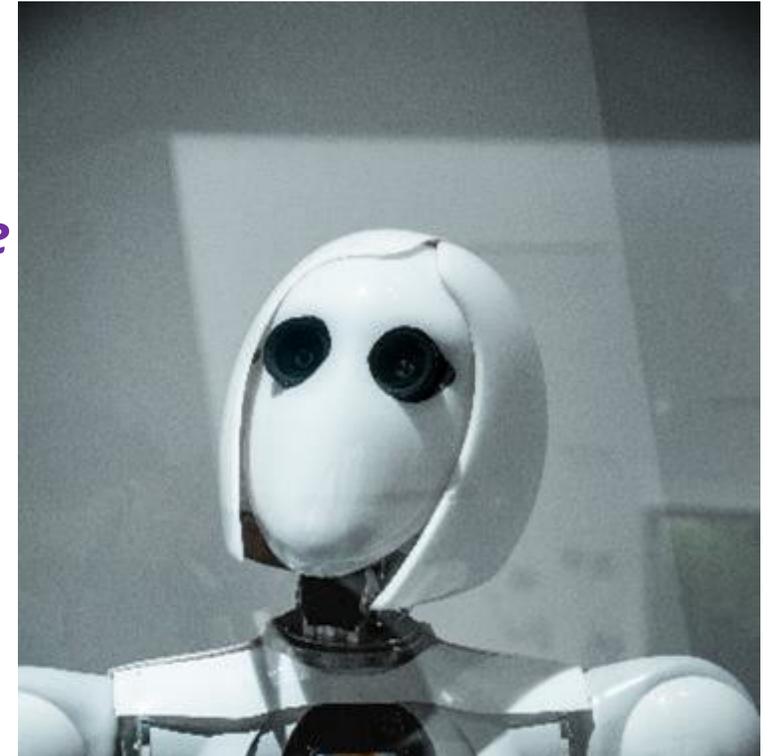
- Difficulty of proving loss
- Valuation – sovereign or crypto?
- ART?





- Could non-traditional actors provide insurance services?
- What role could AI play?
- Will platform providers squeeze competition out?
- How will the Metaverse be regulated/licenced?

“No ship would sail, no plane would fly, no house would be built without insurance.” Senior Insurance Practitioner, London





Risks	Impacts
<ul style="list-style-type: none">• Bad actors• Cyber attacks• Fraud• Theft (data, money and IP)• Injury• Accidental loss (e.g. programming errors, power cuts, natural disaster)• Loss – virtual• Loss – physical	<p>Social Impacts</p> <ul style="list-style-type: none">• Health risks- medical impacts of long term inactivity, neurological impacts, psychological impacts• Societal impacts –social isolation, crime and anti-social behaviour• New attack surface for hackers <p>Technical Impacts</p> <ul style="list-style-type: none">• Bandwidth implications (slowing internet traffic for everyone)• Energy (and associated impacts on climate change) <p>Economic Impacts</p> <ul style="list-style-type: none">• Further disruption to traditional (real world) retail• Disruption to commercial property market• Impacts on (business) travel• Loss of tax revenue <p>Political Impacts</p> <ul style="list-style-type: none">• Access• Regulation and enforcement• Geographical boundaries



Next Steps



- Up your skills base - invest in training and recruit more specialist expertise
- Look at new products and services including:
 - personal data protection.
 - insuring digital assets
 - building a brand as a trusted risk barrier
- Beware of synergistic effects



Professor Michael Mainelli
Executive Chairman
Z/Yen Group





New Lands

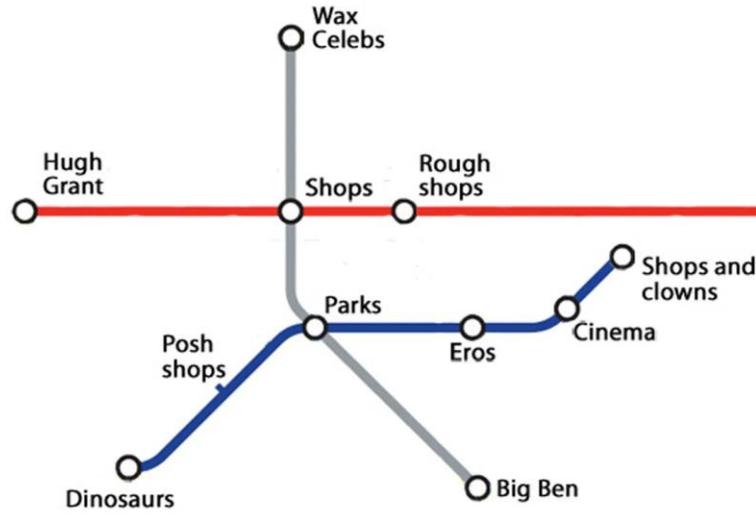


“Buy land, they aren't making it anymore.”
[Mark Twain (1835-1910)]

- The Metaverse is creating ‘new land’ - multiple, even infinite, geographies.
- The Metaverse removes physical geography constraints
- In the Metaverse there are many potential geographies



‘Real’ Tube Map



Minimalist Tube Map



Walking Distance Tube Map



Comments, Questions & Answers



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Thank You For Listening



Forthcoming Events

- Tue, 25 Jan (16:00-16:45) The Future of Gig Working As A Dynamic Economic Alternative
- Wed, 26 Jan (15:00-15:45) An Update On EU Financial Services Legislation & Associated Initiatives
- Wed, 2 Feb (11:00-11:45) Natural Climate Solutions: Seeing The Wood For The Trees
- Thurs, 3 Feb (10:00-10:45) National Audit Office Good Practice Guide For Managing The Commercial Lifecycle & Insights On Government Commercial Activity

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