



The safeguard for the DeFi  
Ecosystem



DeFi Insurance marketplace for the global crypto market

# Whitepaper

WhitePaper v1.4

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# Executive Summary

*"Our vision is to align insurance purchase with the core principles of decentralized technology to be able globally accessible to everyone while offering a censorship resistant platform and build open-source technology governed by software and controlled by its users."*

Founded in late 2019, Polkacover is working towards creating the world's leading cryptocurrency-friendly insurance purchase & policy issuance marketplace with the aim to be the one-stop-shop for crypto & personal insurance need.

At Polkacover, we will connect users & multi-national insurance providers with all global insurance products such as crypto-related protection, health, life, education & family insurance plans to start with and would be working towards adding more products in the longer run. The platform would be providing several tokenized incentives making upto 40% cheaper than any traditional insurance channel.

We are developing a frictionless insurance marketplace experience that incorporates next-generation blockchain technology and tokenized incentives. By building a state-of-the-art user experience by several cryptocurrencies and traditional payment options alongside benefits tied to our proprietary cryptocurrency CVR to provide our users the comfort that they using a platform of the future with transparent pricing.

The Polkacover value proposition is bolstered by CVR. As the native cryptocurrency of the platform, CVR can be used for payments, receiving and redeeming loyalty rewards and discounts among several other use cases which you can find in the token ecosystem section of the whitepaper.

Founded by a team of seasoned insurtech, fintech and blockchain experts, with strong & deep connections with senior leaders in the traditional insurance marketplace. Polkacover's mission is to bring to the crypto ecosystem as whole, enhanced security, and unparalleled end-user ease of interaction, Polkacover's future is a bright and exciting one.

# Insurance in Crypto Markets

As the number and type of internet-connected devices increases, insurers are able to gather and analyze the behavior, actions and choices of their customers more accurately than ever before.

The growth in popularity of cryptocurrencies has, in many ways, outpaced the infrastructure built to support it. In terms of security, cryptocurrency exchanges that serve both as a marketplace and a store of the digital assets have become a hacker's favorite target. Now that the cryptocurrency capitalization is earmarked to surpass over a \$1 trillion, the demand for crypto-based insurance products is more important than ever before.

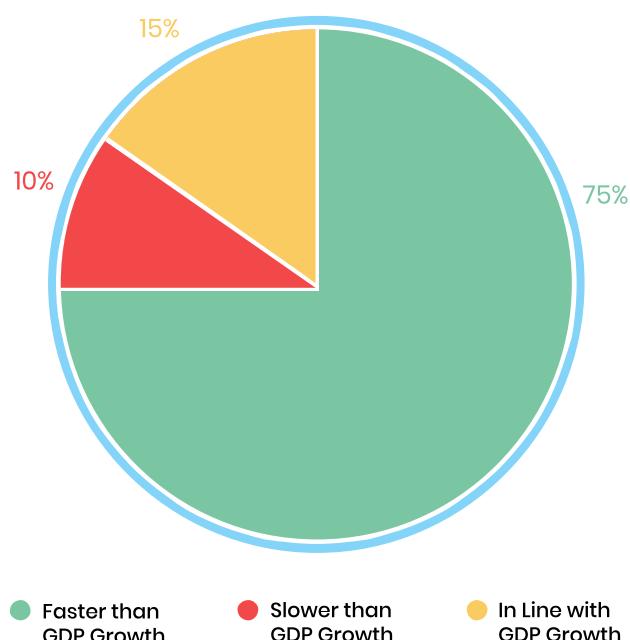
The widespread adoption of new consumer technologies across multiple industries has generated a new set of demands and expectations for insurance solutions and interaction channels. However, insurance brokers & aggregators are still experiencing multiple operational barriers and challenges. This can be attributed to an internally focused business that has not been subjected to the same level of consumer pressures that other customer-facing sectors.

Since 2019, at least 10 crypto exchanges have reported a large-scale hacking attack on their platforms. One of this is Bittrue – a Singapore-based cryptocurrency exchange that lost about \$5 million in XRP and Cardano. With millions at stake, not to mention a growing cryptocurrency market capitalization, the insurance industry can provide a safety net for crypto investors. Traditional insurers can restore investor confidence in cryptocurrencies as a store of value.

No federal FDIC insurance policy exists to protect users from loss as it does with fiat. The reality is that crypto demands a high level of personal responsibility – managing one's own money independent of any centralized entity means that you're entirely responsible for all Scenarios.

Customers expect the same ease of use, access and transparency from their insurers as they get, for example, through mobile banking or car sharing apps. To achieve this, insurers must not just embrace technology, but further drive its development and application throughout the entire organization. They also need to change their employee mind-sets and sales and marketing approach in order to adapt to this new paradigm.

**Insurance Premium Growth vs GDP**



# The Need of Polkacover

The Founders have been actively working within Multi-National Insurance digital Financial Services providers and large claim administrators for over 10 years in Senior leadership roles. Over the years, with the leaps in technologies in several industries, insurance companies and brokerages seem to be stuck in a time capsule. Whilst dealing with insurance providers, the founder noticed several processes in product setups , customer relationship management after-sales service and policy & claims management are managed in archaic manual systems. Each process was managed and tracked on “excel documents” or simple data base systems that are not linked to each other and, surprisingly, there weren’t any proper end-to-end solution providers who have worked towards integrating the entire process. This in turn causes several recurring areas inefficiencies with in the customer journey life cycle and unnecessary delays and errors in processing customer’s services.

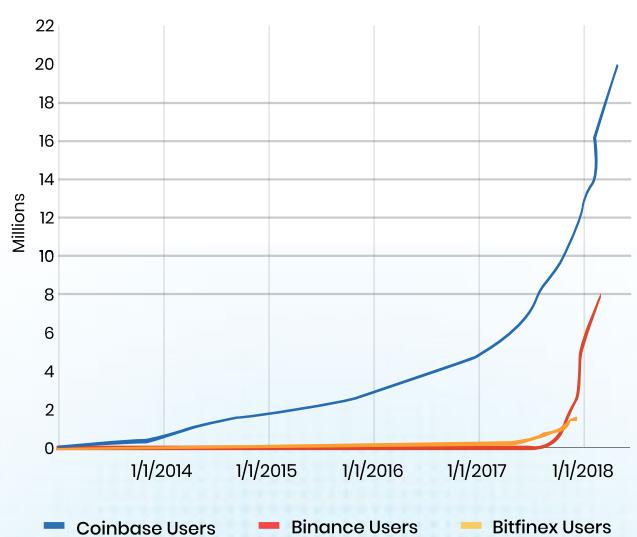
The Crypto world is yet to establish an online insurance market place. Adding to the current situation identified, there is no a policy management platforms with in the crypto.

For Polkacover to successfully launch decentralized technologies capable of solving the problems endemic to the crypto industry, we had to start with solid corporate fundamentals. These fundamentals include building a recognized brand, working with a world-class founding team, acquiring a robust user base. And complement it with an ever-improving insurance purchase experience made possible vs any traditional distribution model.

This embarked them down the rabbit-hole to investigate the best options to create the next generation Insurance management & aggregation platforms to cater to this under served need with in the crypto ecosystem

No single insurance provider protects against all faults and most focus on the situations least likely to happen. This mix and match process is not only a headache, but it racks up the fees quite quickly.

**Crypto Exchange User Growth**



The main problem with crypto insurance offerings is that they are not fully comprehensive. For crypto holders to fully protect all of their crypto assets, they must mix and match among several different plans.

After learning about the benefits of decentralized platforms, Polkacover are now in the final stage of the development of releasing their MVP which would be based on Polkadot Network. We are set on being a dominant player for the next-generation online insurance marketplace in the Web 3.0 environment

We are now looking to boost the development and be able to quickly scale the solution globally once ready with the support of this Token generation event.

# Challenges in the Crypto Insurance Industry

The Crypto Personal Insurance Markets is to be worth over \$100 billion industry, however, the lack of insurance products targeted towards the crypto industry, the insurance markets are still largely run through basic “take it or leave it” products and has not significantly been adopted by the mass crypto market as they are not any real customized user-centric cost effective options available..

Presently, the crypto insurance options are mainly either to niche in their coverage or too complex to understand for mass market adoption.. This has resulted in a substandard experience for customer & policy management who are faced with a low penetration rate of adopting customers.

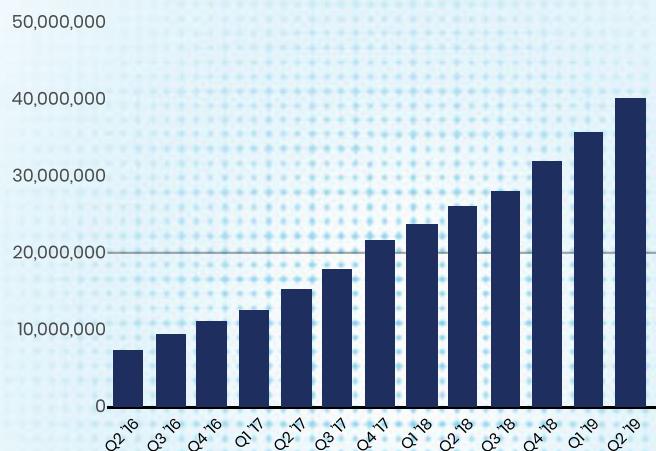
The lack of qualified seasoned insurance professionals with in this market has also hindered the product development of the crypto insurance sector globally. This is placing enormous strain on the available skill base and in some cases leading to a lack of investment to grow this important and essential sector.

Insurers need a framework by which to assess and price risk, according to Decker, something the crypto community doesn't always understand. Who, in the case of exchanges, is the insured's regulator? Does the firm have a relationship with that regulator? What's the financial condition of the company? Are there minimal capital buffers? Audited financials? Who is on the management team? Are they experienced? And so on.

The current crypto product are so complex to understand that once the policies are sold, the customers are at the mercy of the insurance company to settle off their claims. Many a times, which can be frustrating as the average consumer is not that adept understanding the documentation of such policies.

Here is still a big education gap and a lot of misunderstandings preventing traditional insurance companies from providing full covers for the cryptocurrency industry. Add that to the challenges highlighted above, and suddenly it's understandable why exchanges are having a hard time getting worthwhile insurance for their customers.

**Number of Blockchain wallet users worldwide**



**Source** Blockchain  
© Statista 2019

**Additional Information**  
Worldwide, Blockchain, Q2 2016 to Q2 2019

Recent reports show that cybersecurity is still one of the biggest threats to the industry. Security research firm CipherTrace estimates that more than \$4 billion worth of crypto funds was lost through theft and fraud in 2019. According to Binance, the hackers used phishing and viruses to access the company's hot wallets that allegedly contained about 2% of the company's BTC holdings.

Fortunately, Binance created a Security Asset Fund for Users (SAFU) in 2018 to protect users and their funds in such cases. Since 2018, the SAFU has been receiving 10% of all Binance's trading fees as funds that are set aside in cold storage to be used in extreme cases. However, this is a risk which should be governed by an insurer and not the exchange house as the current setup puts all user' at the mercy of the exchange house

A lack of insurance statistics in the cryptocurrency industry also presents problems of coverage pricing, as historical data is normally used to calculate premiums. In a volatile industry characterized by two-figure price swings, insurers can only manage to cover a small number of lost coins.

Most insurance is traded via third parties such as brokers and other intermediaries. This adds costs, time and complexity to the process. The insurance industry as a whole has not yet adopted or embraced new technology to meet the demand for new products and the increasing concerns about data privacy. Increased competition and changes in consumer behavior are moving the min this direction. Insurance processes that manage risk, premiums and claims typically involve a significant exchange of data between multiple parties. Currently, the different parties would store their own copies of data, and process it individually. This makes it difficult to synchronize and collaborate through a shared process.

Current insurance businesses have many different layers and processes and multiple commission levels which causes an increase in insurance premiums. We would bring an end to the layers within the crypto sphere.

# Untapped Opportunities in Crypto Markets

Whether it is automated registration, utilizing information from user's social media profiles, or automated claims and settlements being managed in real time, each of these new applications cannot only improve the customer's experience, but can also drive further penetration of insurance, by simplifying access.

The Crypto/Defi Asset space is growing in leaps and bounds but we are yet to see any real insurance providers build insurance solution around this rapidly growing industry.

A growing concern of crypto users and governments worldwide to encourage rapid adoption is the lack of safety net insurance products to protect the mass market. We are going to bring that change.

Further, cryptocurrency enthusiasts have been shown to skew towards highly educated, tech-savvy, and future-oriented demographics ("How Many People," 2018). Blockchain and cryptocurrency enthusiasts are a consumer demographic which is perfectly pre-filtered for the insurance market and whose make-up helps transcend many of the difficulties in consumer acquisition and marketing outreach.

Blockchain and cryptocurrency enthusiasts are also highly-invested in the adoption of cryptocurrencies in mainstream business activity. Their emotional investment in the success of cryptocurrencies, which is often based on staunchly-held shared world-views such as libertarianism, can supersede a typical person's inclination to follow the path of least resistance.

Because of their dedication to the growth of the ecosystem, cryptocurrency enthusiasts typically form communities where they interact with others who share similar values. These communities usually have open-lines of communication with the businesses they support, and knowledge exchange is expected

The crypto sector badly needs risk transfer solutions, including traditional insurance, and this goes beyond protection from hackers and thieves. It is no secret that the crypto world suffers from continued price volatility and that users could benefit from some protection against market gyrations — whether through traditional insurance carriers or by other means.

The volatility of cryptocurrency prices also contributes to insufficient insurance coverage in the industry. In January of last year, data from coinmarketcap showed that the total market capitalization of the industry was valued at over \$800 billion, while currently it is fluctuating at just over the \$500 billion mark. Volatility affects the valuation of insurance premiums, thus limiting the number of coins that can be insured in case of a hack.

Broad market trends are revealing that now is the time to undertake decentralized initiatives. The trajectory of the digital age is showing us users are moving away from fully centralised platforms (Web 1.0) to new alternatives. Centralised peer-to-peer marketplaces (Web 2.0) have witnessed rapid growth over the past decade, but these too are showing signs of user dissatisfaction brought on by market inefficiencies. The next stage of digital growth will come from fully-decentralized peer-to-peer ecosystems (Web 3.0).

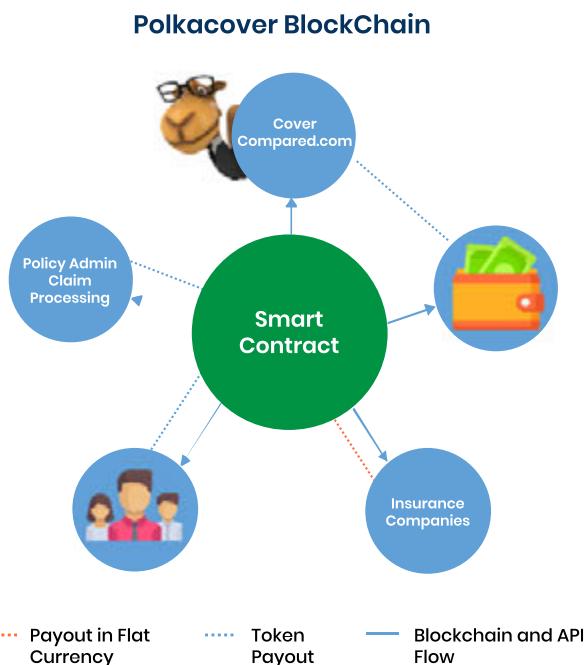
Polkacover's platform will be uniquely positioned to bypass the traditionally long and expensive consumer acquisition journey by tapping directly into a consumer demographic which is willing to go above-and-beyond to contribute to the success of the business it self. Secondly, our strategy to convert a demographic unfamiliar with blockchain technology into loyal users represents a significant untapped opportunity.

# Polkacover's Vision and Way Forward

Polkacover aims to define the way insurance is being distributed and managed within the crypto world. We are going to become the leading insurance solutions provider within the crypto sphere within a span of 2 years. With this initiative, we would also be the first company to provide insurance aggregations and associated services within the crypto world.

Polkacover has four main roles it would fulfill within the insurance space. The platform will be developed in 4 phases.

- Phase 1 – Polkacover Crypto Protect (Crypto Insurance Products)
- Phase 2 – Global Insurance Marketplace ([www.covercompared.com](http://www.covercompared.com))
- Phase 3 – Polkacover P2P (P2P Insurance Platform & Providers)
- Phase 4 – Autonomous Third Party Administration / Claims Management for Insurance Companies

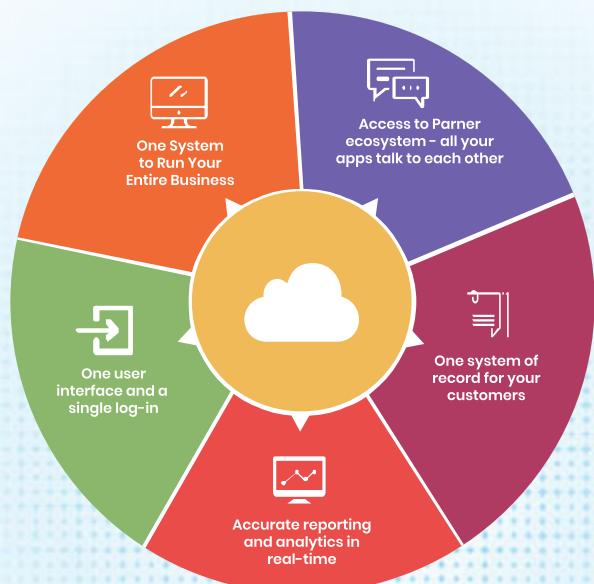


The Polkacover Platform will be built to cater to three main channels of communications.

- Web Portal
- Mobile App
- Social Media integrations

Once the platform within the phase has been completed, we would work towards deploying the features based on priority. The features are selected based on the following factors:

- Size of the consumer market
- Product development & approvals
- Competitive landscape
- Token Adoption Opportunities
- Regulatory requirements and oversight



## Platform Participants

The Participants on the platform are

- Individual Policy Purchasers
- Exchange houses Group policy purchaser
- Insurance companies
- Claims administrators

# How are we building it

## Architecture Summary

The Participants on the platform are

- Modern JavaScript front-end application written in AngularJS with Socket.io for streaming quick & real-time updates.
- NodeJS, and Java backend technologies structured in a microservices architecture for easy scaling.
- iOS and Android apps built in React Native
- Cloud hosting in AWS for deep stack monitoring
- Cloudflare CDN and Firewall for network optimizations and DDOS protection.
- IPFS for tamper-proof, immutable database management
- Polkadot (using substrate) as our blockchain solution due to its flexibility of working with various other blockchain projects through their parachain architecture
  - We initially has built on Ethereum however, have migrated development to Polkadot due ethereum limitation of scalability. With congestion on the network and rising gas fees, ethereum was not meeting our requirements to build this platform
  - Polkadot was able to provide high scalability because a shared set of validators will be used to secure transactions on multiple blockchains. New blockchains that join Polkadot can tap into this security model from the get-go.
  - We also have long-term plans to move several of our traditional insurance offerings to be governed through smart contracts with the risk being covered by multi-national insurers. We plan to become the first fully autonomous insurance protocol for risk management which able to connect traditional insurers to the world of crypto through our ecosystem. For example, an IoT device can feed its data to an oracle chain which verifies its integrity and transfers that data to an insurance DApp to pay out and settle an insurance claim.
  - As we progress our decentralized initiatives, we might even consider building our own blockchain if Polkadot is not able to support our long-term volumes & initiatives

# Why Blockchain for the Polkacover ecosystem

Insurance is traded in traditional ways, often manually and with several layers of intermediaries. The inefficiencies have resulted in most of the major insurance institutions taking a keen interest in blockchain technology with the hope it will provide a modern, more streamlined alternative. The McKinsey Panorama FinTech database currently registers over 200 blockchain-related solutions, of which about 20 provide use cases for insurers that go beyond payment transactions – either as specific applications or as base platforms.

Finally, even traditional insurance companies, such as AXA and Generali, have started to invest in blockchain applications and Allianz has just recently announced its successful pilot of a blockchain-based smart contract solution to automate catastrophe swap transactions. Within Dubai as well, Blockchain startups are being encouraged as Dubai aims to be the Blockchain capital of the World by 2020.

The blockchain provides a decentralized ledger, which allows data to be permanently stored without the possibility of fraud. With the growing importance of data ability to control the data in this format dramatically affects the type of communication between consumers and businesses.

For us, we found blockchain was able to provide vast improvements over centralized systems in terms of CRM Management, cross-country scaling & payment solutions, data integrity, improved user experience with the option of efficient claims management as well. It gives superpowers to the insurance industry focusing on the granular level of customer-segmentation, tailored products, predicting customer behavior, targeted customer service, and an overall enhanced customer journey.

- Blockchain's enablement of increased trust and transparency speaks to the heart of the insurance business
- Smart contracts have the ability to be designed to be decision makers on insurance claim settlements (based on pre-underwritten fundamentals).
- Groups of participants not individually eligible for the suitable insurance coverage might use the decentralized trust and autonomous processing smart contract capability of blockchains to self-insure the group by sharing risk at a reduced cost.

- The secure storage of a policy holder's information helps in removing the manual processes which are being followed where there is duplication of information (at the broker, insurance company and customer's end) thus reducing data redundancy and reduce the possibility of misinformation. The public registry (and decentralized nature of blockchain) removes the possibility of loss of data over years.
- Reduce administrative cost Blockchain may reduce administrative/operations cost through automated verification of policyholder identity and contract validity, auditable registration of claims and data.
- Customer engagement. An important lever for improving customer engagement through blockchain lies in the area of personal data. Customers' fears about losing control of personal data as soon as it is handed over to a company and their frustration with the need to repeat data entry processes can be addressed by a customer-controlled blockchain for identity verification (see KYC use case) or medical/health data. Personal data does not need to be stored on the blockchain; it remains on the user's personal device.

## P2P Insurance

- While P2P insurance as a business model is already being offered using standard technology, blockchain makes it even more transparent and trustworthy for consumers as no central authority controls its operation. For the Insurance provider, our platform can be used as a tool to widely automate P2P insurance operations
- In emerging markets P2P blockchain with smart contracts could be applied to micro-insurances to offer them at low handling costs, if underwriting and claims handling can be automated based on defined rules and the availability of reliable data sources.
- On the other hand, while proof is outstanding, blockchain promises unique potential for insurers to efficiently serve emerging markets with P2P micro-insurances.

# What Does The Polkacover Platform Do Differently?

Polkacover Platform is a technology platform built with the vision of providing the millions of underserved crypto users access to insurance protection by disrupting the gaps associated with traditional insurance coverage. We are able to gain access to historical data and valuable market insight which can help develop accurate and new products in collaboration with insurance providers.

One of the goals of Polkacover is to those who are underserved by the current financial system and are burdened by expensive and inconvenient access to insurance services. Crypto users are excluded from better solutions due to high costs, lack of proper identity, and poor access to banking locations, and mistrust or poor understanding of the banking system.

	Polkacover	Insurance Aggregators	Third Party Administrators
Insurance Comparison	✓	✓	✗
Multiple Insurance Partners	✓	✓	✓
Crypto Insurance	✓	✗	✗
Decentralized Solution	✓	✗	✗
Multiple Countries	✓	✗	✓
P2P Insurance	✓	✗	✗
Claims Management	✓	✗	✓
Loyalty Staking	✓	✗	✗
Product Review	✓	✓	✗
Community Engagement	✓	✗	✗
Cross Country Payment	✓	✗	✗
Autonomous Claims Management	✓	✗	✗

A few of its main benefits of the platform are:

### Polkacover Crypto Protect – Phase 1

**1. Crypto/DeFi Insurance Products:** With the rampant growth of the crypto industry, there are n't any insurance products which cater to the needs of the Crypto community. We have initiated conversation (and received a favorable response) with 2 Multi-national insurance partners to work together and create Crypto & DeFi insurance products for the community. The currently discussion revolved on the below products

- Stop-loss Insurance against volatile price drops in crypto markets Loss of crypto due to exchange hack
- Loss of crypto due to phishing attack
- Loss of crypto due to exchange hack Loss of investment due to fraudulent ICO
- Loss of crypto due to Wallet Hack
- Loss of crypto due token going bankrupt/project abandoned
- Loss of crypto due to mobile/Laptop/storage damage
- Loss of crypto due to exchange going bankrupt

There are 2 other products with DeFi assets which will added once we receive some positive feedback from our insurance partner

More product details and policy wordings will be released once the insurance partners receives approvals to proceed with the products mentioned

### Insurance marketplace for Crypto & DeFi product & users – B2C Model - Phase 2

**1. Efficiency and Automation:** Smart contract technology enables end-to-end automation of payments, efficient risk model estimation, and semi-automated claims processing, thus substantially lowering operating costs

**2. Reduction in Insurance Fraud:** Data immutability and transparency on the ledger serves to significantly reduce insurance fraud in comparison to traditional insurance models.

**3. Access for customers:** Lower costs enable insurance solutions for developing markets, low-income businesses, and new product verticals, which have been previously unable to obtain insurance. For example, crop insurance for rural farmers in developing countries is an under served market and a good candidate for further exploration.

**4. Cross Border Payments:** A majority of expatriates living in the Middle East hail from the African Countries. Token Payment systems allow them to purchase policies without losing money in the exchange rates. This is extremely beneficial for countries with unstable currencies.

## P2P Insurance Platform & Providers – Phase 3

**1. P2P insurance solutions :** Currently P2P insurance options are non-existent within the region mainly due to the inability of traditional insurance providers to be able to manage the operational setup and risks cope behind such a model due to a lack of information in the local market. We intend to be able to supply that behavior information (which will be gained over time) needed and provide the operational support needed to run such programs and be the main partner for insurance providers to work with for P2P insurance.

## Autonomous Third Party Administration – Claims Management Systems – Phase 4



**1. Policy Claims Management:** The use of smart contracts in combination with trusted third-party data sources allows for policy claims to be processed automatically, significantly cutting down on the handling time synonymous with traditional insurance models.

**2. Claims prevention and management:** Alongside big data, mobile and digital technologies, blockchain is essential to establishing an efficient, transparent and customer-focused claims model based on higher degrees of trust. A distributed ledger can enable the insurer and various third parties to easily and instantly access and update relevant information

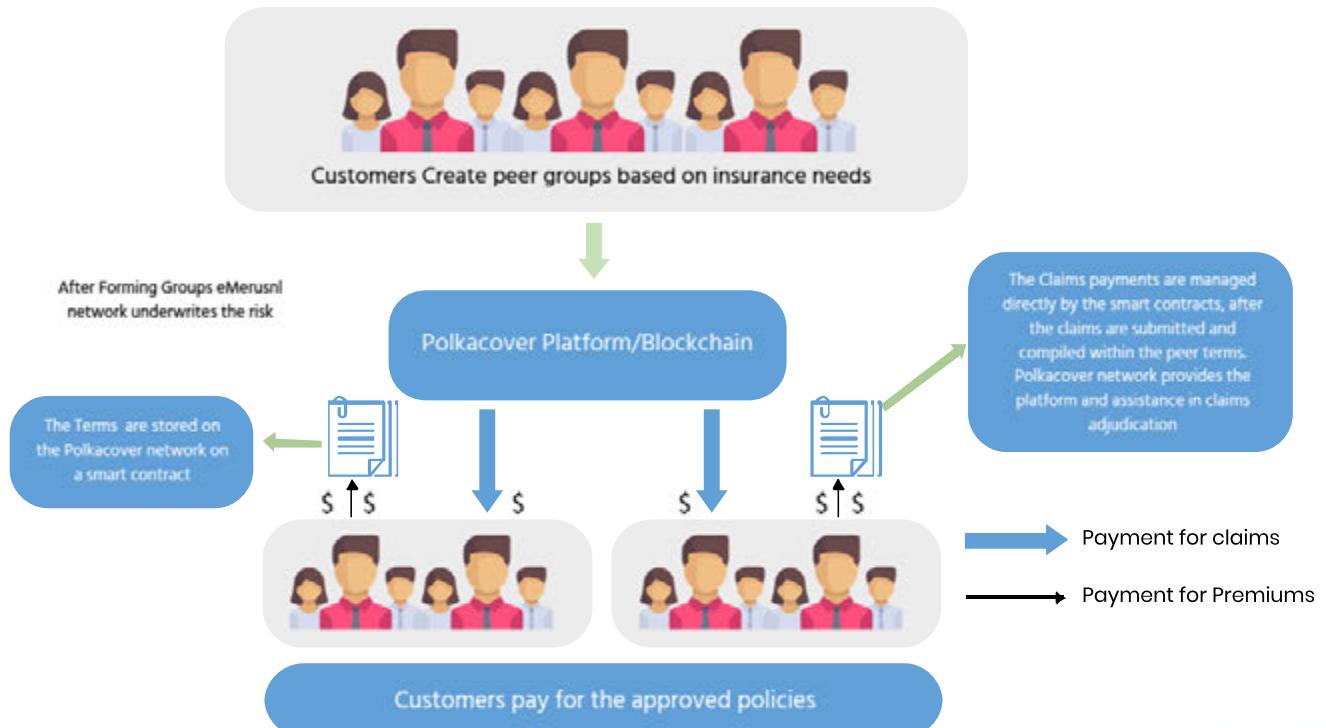
**3. Fraud detection and risk prevention:** Thanks to its ability to provide a public ledger across multiple untrusted parties, blockchain has the potential to eliminate errors and detect fraudulent activity. A decentralized digital repository can independently verify the authenticity of customers, policies and transactions (such as claims) by providing a complete historical record. As such, insurers would be able to identify duplicate transactions or those involving suspicious parties.

We aim to harness the advancements in the field of blockchain technology to bridge the gap between consumers in developing countries and insurance providers by providing a new level of accessibility to the insurance ecosystem.

Polkacover Platform plans to achieve this by leveraging a host of firm partnerships in these emerging markets to serve the millions currently without access to protection due to complex buying processes and high insurance premiums

## P2P Insurance Platform (Insurance DAO)

In Phase 2, Polkacover's is looking to introduce P2P insurance solution & platform which is being developed to work as an Insurance based DAO in the longer run.



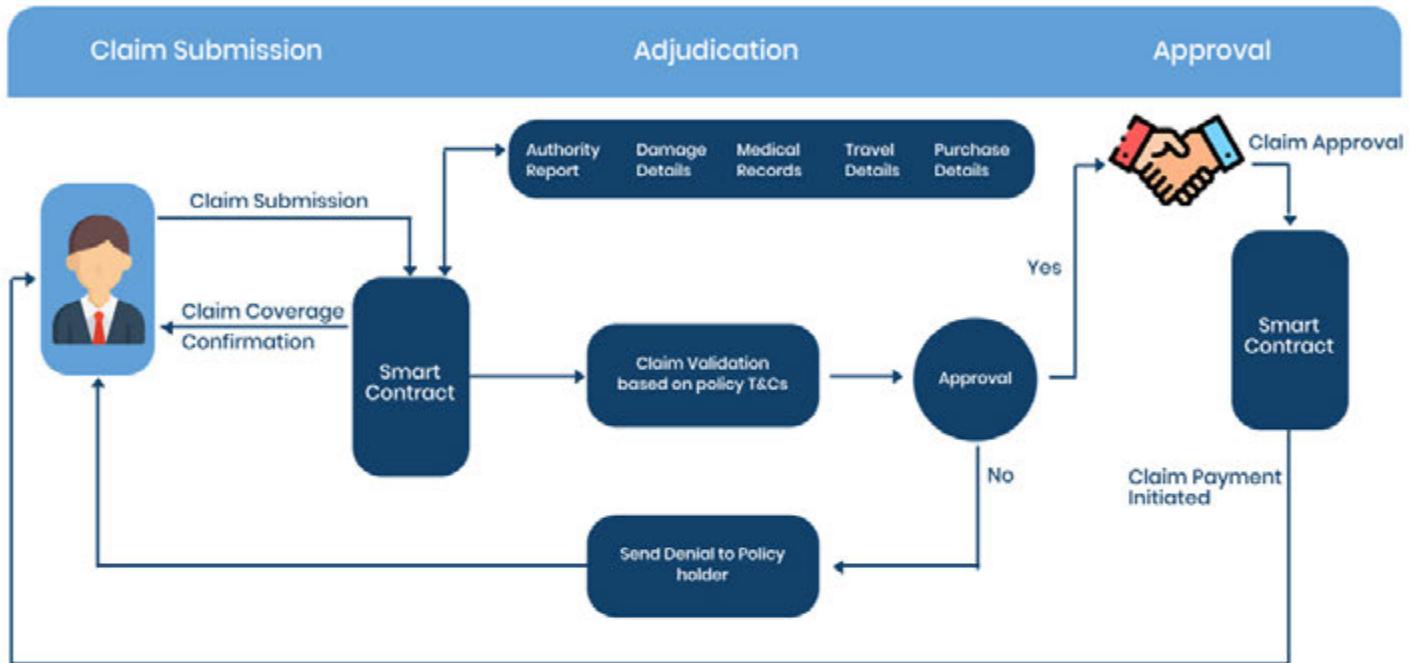
Polkacover network reduces the human intervention and increases the transparency throughout the claims process

P2P insurance intends to significantly lower the cost of getting insurance coverage and would serve as the perfect model for adoption in underdeveloped or developing countries.

P2P insurance is risk sharing network where a group of associated or like-minded individuals pool their premiums together to insure against a risk. Peer-to-Peer Insurance mitigates the conflict that inherently arises between a traditional insurer and a policyholder when an insurer keeps the premiums that it doesn't pay out in claims.

We would be creating the platform for individuals to create their P2P pools or provide them access to existing pools which they're eligible for. We would be also providing the claims management assistance for claims payouts. The Insurance purchase and Claims payout would be exclusively in EMI coins.

With the advent of blockchain technology, the transparency of data removes any uncertainty that can arise from data corruption from service providers and addresses the important issue of trust on the platform. You can see below how Polkacover is a part of this process



We designed the CVR token to bind Stakeholders to the platform and to assure the quality of the services provided

With the introduction of CVR into the business model, the incentive to use the Polkacover platform becomes significantly stronger. On top of Polkacover's existing strengths, the addition of CVR provides additional benefits and enhanced user engagement as below:

## Benefits of Polkacover Platform

- Cross-border insurance purchases & payment options
- Incentives through token purchases Discounts through token purchases
- P2P Insurance for developing markets
- 24/7 availability
- Real time transactions Transparency of information
- AI Based Automated claim validation
- Security and confidentiality
- Audit trail and full transaction history
- Resilience through the use of smart contracts

## P2P insurance Model (Insurance DAO):

While increasing the distribution and liquidity of the CVR .We are effectively implementing what is known as "Proof of Stake", - a method of achieving consensus between multiple Stakeholders, - focusing on the specifics of the tasks required to be run the P2P insurance ecosystem.

### **P2P Pool Creation:**

Users would be provided the option to invest in the Insurance pools for different products, the investments will be received in DOT (the token for Polkadot), against the staked DOTs the users will be provided CVR token. The investment pool will provide the minimum Capital Risk to manage risk pool for the policies issued.

Capital Risk for each pool will be the minimum capital requirement to ensure minimum liquidity to manage the payout of claims, hence the pool is confirmed only once the capital pool amount for the product has been achieved. Any new pool participant will be added to the next insurance pool.

A third party traditional Reinsurance Company will be also appointed to provide a "Stop-loss" reinsurance in the event the risk pool is 100% diluted from approved claims for which they will receive a nominal for providing this service. At this stage, the reinsurer will manage the additional claims which may arise from the pool. We would also be working to move the reinsurer model towards community stakeholders at a later stage once we have enough claim management experience on the products.

### **Pricing:**

The insurance product pricing for each pool will be managed by the governance body (Polkacover) for the initial 18 months after launch of the products to ensure there would be enough historical data on the performance of the risk pool, the pricing for the product will be provided by an external actuary which will appointed by the governing body. The pricing will however be validated and affirmed by the pool owners.

The pricing structure would constitute of

**Risk Premium :** The technical premium required to partially cover the policy claims based on frequency and severity of claimants.

**Pool Commissions:** Reward Commission for the Pool participants providing liquidity to the risk pool

**Reinsurer premium:** The premium due to the reinsurer who would provide the 2nd layer reinsurance to the pool

**Governance Fees:** Operational fees charged for the platform management.

## Policy Purchase:

Crypto users who wish to purchase insurance product through the P2P pool will purchase the product using the CVR token.

From the CVR amount received, the risk premium will be added to the pool and will act as the buffer on top of the minimum capital risk for Claims Payments.

The risk premium will be staked on the pool until the policy end date.

### Pool Owners Rewards:

The pool owners who have staked their DOTs and received CVR in exchange will get a pool commission from every policy sold in through their pool

At the end of the policy if the pool is in

- 20%+ excess to the capital risk
  - 40% of the surplus is distributed to the pool owners.
  - 10% of the surplus is distributed to the Actuarial team
  - 10% towards the operational cost of the platform
  - 50% goes towards reserve fund for future pools
- 10% excess to the capital risk then the 20% of the surplus is distributed to the pool owners
  - 20% of the surplus is distributed to the pool owners.
  - 5% of the surplus is distributed to the Actuarial team
  - 5% towards the operational cost of the platform
  - 70% goes towards reserve fund for future pools
- 5% excess to the capital risk then the 10% of the surplus is distributed to the pool owners
  - 10% of the surplus is distributed to the pool owners.
  - 2.5% of the surplus is distributed to the Actuarial team
  - 2.5% towards the operational cost of the platform
  - 85% goes towards reserve fund for future pools
- 5% excess to the capital risk then the 10% of the surplus is distributed to the pool owners
  - The deficit will be covered by reserve fund created by all active pools
  - In the event the reserve fund has been exhausted, the amount from the capital risk will be utilized.  
The pool participant would need to finance the deficit until it reaches the minimum capital risk.
  - In case the capital risk fund is exhausted, the traditional reinsurer will cover the remaining due losses up to their assigned limit .

**Claim Assessors:**

To participate in the claim assessment function, the claim assessors would need to stake (Collateral) the CVR token in their wallets to be eligible claims assessors on the platform.

In order to be a Claim assessor, the user must stake the token with a minimum contract of 6 months.

Once staked, the user will be provided with table of benefits for the insurance products that they will be assigned the rights of claims assessment.

**Claim Assessments Rewards:**

We would like to decompose the value chain as far as possible and to avoid conflict of participant's interest and engage market mechanisms to select those participants which offer the service at the best value.

This is quite similar to the operating mode of a blockchain: Miners have an economic incentive for cooperative behavior.

Rewards for Good behaviors will be provided in CVR tokens based on the below KPI's.

- Claim assessment over a certain time (service stability)
- Claim assessment in a required quality standard quality / as per the SLA (quality stability)
- Take a certain liability for a service (guarantees)

For bad actors, there will punishments which could lead up to burning the entire stake of the claim assessors in case they are caught working in bad faith

The number of tokens which must be provided as collateral will correlate to the potential damage from participant misbehavior or from the violation of the platform terms. These parameters may be subject to a platform governance model (in the future) where participants have voting power based upon tokens owned. Or governance may be conducted automatically using smart contracts. However initially as described will be governed by the Polkacover team until there is enough data & experience where we would handover this function to the community.

**Governance:**

The Governance in the initial stage will be provided by Polkacover platform. Using multiple smart contracts, the governance body will be responsible for deciding the rewards and penalties on the Claims assessors and identify all the malpractices that might occur.

In Phase 3 of the roadmap, the governance will be handed over to the community based on the claims experience and frequencies on the platform for at least 18 months.

Once the governance is handed over to the Community, the community members will be staking their CVR to govern the pool groups and claims assessors.

The governing body will be elected by the community based on their service provided on the platform and can only be existing members from either Insurance Pools or Claims Assessors.

The P2P insurance platform is being developed to work and act as a DAO in the longer run of the project.

# Polkacover Platform Partnerships

The team already has existing relationships with 2 major multi-national Insurance partners to launch our Crypto insurance products platform once ready. The core team @ Polkacover are veterans with in the Middle East & African markets for over 15 years and has strong existing relations with several Insurance Providers with in the target markets making them able to scale quickly.

Polkacover is also in contact with crypto-based startups to review on how we can complement each other in our development offerings

## Token Ecosystem

With the introduction of CVR into the business model, the incentive to use the Polkacover platform becomes significantly stronger. On top of Polkacover's existing strengths, the addition of CVR provides additional benefits and enhanced user engagement.

CVR features front-and-center in our unique selling proposition to users. It can be used as an additional method of payment for policies, or as the sole payment method for special deals. CVR's functionality makes it critical to the success of the Polkacover platform. The interplay of CVR use cases is designed to encourage loyalty to the Polkacover platform while increasing the distribution and liquidity of the token.

### Token Usage

#### Policy Purchase

- Customers can buy insurance using the token. For convenience, third parties can offer payment gateways and integrations which remove the necessity to own cryptocurrency from the end customer. Users can also purchase using other crypto currencies, however additional discount and benefit are provided for users paying through the CVR token

#### Policy Discounts

- To encourage the use Policy discounts upto 40% will be provided using the token

#### Cross Border Policy Issuance

- The platform will provide only Global Policies can be bought via token globally

## Claims Payout

- All claims are paid out using the token. Customer can choose to hold the payment in the token or convert to Fiat currency. Incentives are provided to receive & hold the claim payouts in the token.

## Referral Fee / Product Reviews/Survey Forms

- Customers who refer new customer's will be paid using the token
- Customers who provide Insurance Policy reviews will be rewarded using the token

## Fast Claims Incentive

- Claims payouts where manual intervention is needed by Insurance Providers. We would incentive with the token rewards the claims agent/insurers if payouts a reactioned with a quick TAT.

## Data Sharing

- As in the blockchain environment, a lot of the customer data and claim behavior is not shared with Insurance providers but aggregated on our platform. If the customer allows the sharing of their information for market analysis, we would incentivize them with the tokens.

## P2P Policy Issuance / Claims

- P2P policy issuance / claims payout will happen exclusively through the tokens

## Manual Policy Quotes

- Certain insurance policies cannot be hard coded in the platform due the complexity and analysis needed by the insurance providers. In such scenarios, token incentives will be provided to the insurance provider for quick TAT responses.

## Staking discounts

Upon holding the CVR tokens in your wallet, users will be rewarded with the below

- Annual interest paid in token
- Additional discounts on policy purchase
- Free insurance products depending on staked value

CVR will be at the core of all future use cases Polkacover is building. As the user base will grow, usage of CVR is integral to their experience on the platform. The demand for CVR can be expected to grow in line with platform adoption, leading to the establishment of a healthy token economy from which all stakeholders may benefit.

# Token Economics

**Private Sale in Progress.**

Total Circulating Supply	134,929,870
<b>Tokens Available for purchase</b>	
Staking	Yes. At later stage
Token Buyback & Burn	25% of quarterly net Revenues

**Unsold tokens:** Will be LOCKED for a period of 12months, the tokens would be equally released (if needed) into the ecosystem over a period of 12months (after unlocking) to further grow the eMerusnl Platform.

**Token Burn:** CVR intends a final circulating supply of 70 Million tokens and will keep buying back and burning tokens from the open market on a quarterly basis. The repurchase of these tokens be calculated on the 25% of the net revenue generated on a Quarterly basis. Transactions will be publicly viewable on the block-chain explorer.



## High-level Overview of Polkacover Platform

Polkacover will be initially using Polkadot Blockchain for the initial development & launch of the platform. The long would be to migrate to our own network

Polkacover would be creating 2 front-end interfaces to connect with consumers which are mainly Web & Mobile versions of the platform. For the policy aggregation, eMerusnl would be integrating with Insurance Partners through an API feed which is the current standard whilst integrating with Insurance Providers.

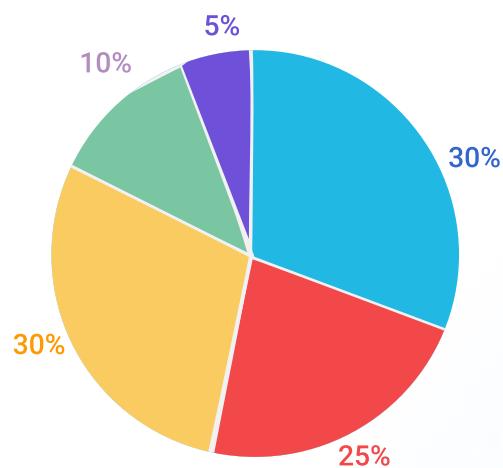
On the back-end, once we have completed the POC on the polkadot test net. However, although we would like to use as a basis for the platform, polkadot, in its current state & form might not provide the required stability & throughput to be able to provide constantly needed fast transactions through the system. Once we are at scale, we expect to touch close 200+ transactions per second (in peak hours), the stability and active an off-chain solution to manage such transaction is still untested

We would be initially using a hybrid model where the CVR token would remain on the polkadot network; however, we would be using Hyper ledger fabric on a private blockchain solution to manage the database, transactions and system stability requirement.

We are also currently working with our development team and scoping out the model which we would proceed with for P2P insurance and would update our token holder sata later stage.

## Polkacover Platform Token Sale

The token sale will consist 30% of all Polkacover Platform Tokens that will ever be generated.



Further details will be announced via our website, telegram and blog.

- 30% Platform Development
- 25% Business operations
- 30% Marketing
- 10% Capital Reserve
- 5% Legal & Compliance

# Use of Proceeds

To accomplish the development milestone goals described above, the funds received from the Token Sale are expected to be allocated allow an active cash flow for 5 years as follows:

## **Platform Development – 30%**

Research, development, and maintenance of the Polkacover Platform and any software, dApps deployed on the Platform. Will be distributed to various development groups and individuals.

## **Operations – 25%**

Goes towards Operational cost of hiring and scaling the business across the region

## **Licensing, Legal & Compliance – 5%**

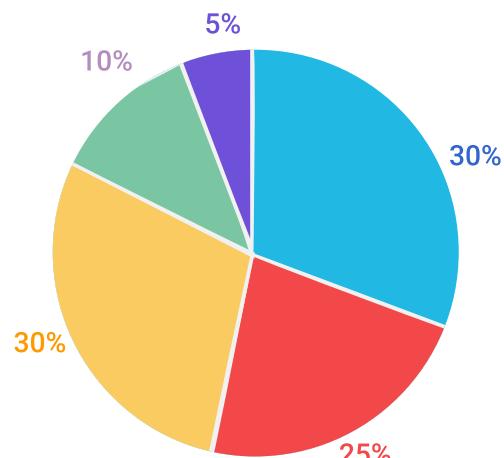
Dealing with external legal counsel when working with new jurisdictions for creating legal business

## **Marketing – 30%**

Marketing Activities to promote product/brand awareness of Polkacover's offerings

## **Reserve Capital – 10%**

Blockchain companies are still under review by several jurisdictions. Capital Reserves are to be maintained for any unforeseen expenses or circumstances.



## Team

The success of Polkacover is credited to the team of individuals who are passionate about improving the way we purchase insurance products & Services. Within the Emeruni team, we are experienced seasoned professionals with sector experience in insurance product development, insurtech, & blockchain development from some of the world's largest companies. The majority of team members are located in Dubai, UAE & India. The core team comes have worked across cross-country & regional partnerships and launches a significant period of their career.



**Kunal Sadani**

Founder, CEO, Heading Partnerships, Product & Market Development

Kunal Sadani is the founder at Polkacover Tech. Kunal has been living in Middle East for over 25 years and knows the region to be his home. Kunal has been working in the Insurance industry for over 15 years in senior leadership roles and has worked extensively launching innovative insurance products across the Middle East & Africa region for a majority of those years.

He has also worked in the Senior leadership team with in surtech startup which is has a current valuation of over USD 1 Billion backed by Soft Bank & Tencent.

Before transitioning to Polkacover, Kunal has worked at AIG & Allianz in regional roles has been part of several projects for new product creations, B2C platform launches and creating service & claim networks for new projects.

Kunal has a diverse educational background and has Masters from S.P. Jain Institute of Management (Ranked 7th best business school in Asia) with Bachelors in Information Technology.

Worked with



**Anthony Thomas**

Founder, CIO, Heading Operations, Systems, & Process Setups.

Anthony plays a central role in formulating operational strategies and new policies. Anthony is the Co-Founder of Polkacover and would be Chief Information Officer for at Polkacover. He previously held the position looking after new projects and System Implementations for the Middle East and Africa Region at Allianz. A seasoned veteran who has been part of several project implementations and has extensive hands-on experience creating processes and easy customer journeys.

Prior to Allianz, he has worked as the Contact Centre Manager for one of the largest contact centers in Pakistan over seeing a team of over 200 employees. He has overseen new products ran a customer service campaign for several insurance & telecom multinationals.

Worked with

**Vinod Kakkat**

Head of Direct Marketing & After Sales

Vinod Kakkat will be the leading the Direct Marketing & After Sales initiatives at Polkacover. Prior to Polkacover, Vinod. has extensive experience launching from scratch & running regional customer service initiatives for several years has worked with the leading Multinational Retailers with in the region. Vinod will responsible for structuring all-new after-sales initiatives at Polkacover.

Worked with



## The TechTeam

Babu Pooliyathil  
Senior Tech Lead



Cassal Michael  
UI/UX Designer



Rajinder "Raj" Pancholia  
Full Stack Developer



Julia Wong  
Marketing Support



Meher Akshay  
Blockchain Lead



Ayswarya Rajeevan  
SEO Specialist/Community Manager

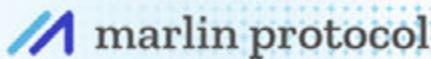


Our Core tech team is based out of UAE & India. The team has a full stack development skill set with extensive experience in a wide variety of programming languages including Substrate, Solidity, C++, GO, Python and JavaScript to name a few.

The Lead blockchain developer on our team has previous experience in Substrate, Hyperledger Fabric and Solidity and has worked on blockchain-based Insurance solutions for other partners.

Babu (The Lead blockchain developer) has been on projects for leading Insurance companies and brings along with him a wealth of experience. He holds a deep interest in the crypto currency sphere since first learning about Ethereum 5 years ago and is a keen follower of developments within the space.

### Tech Team Worked With



## Advisors

We are speaking to several Senior members within the insurtech industry and will update this section at a later stage

# Roadmap

Timeline	System Development
<b>Q1 2020</b>	Team Formation Product Formation Blockchain selection
<b>Q2 2020</b>	Insurance marketplace - Demo Crypto Product creation with Multi-national insurer
<b>Q3 2020</b>	Insurance marketplace - Backend development
<b>Q4 2020</b>	Token Crowdsale Crypto Product Approval from MultiNational insurer.
<b>Q1 2021</b>	Crypto insurance marketplace - Testnet
<b>Q2 2021</b>	Crypto insurance marketplace - Mainnet Crypto insurance marketplace - Go Live Staking Portal. P2P Product Creation with Multi-National Insurers P2P Product Approvals with Multi-National Insurers
<b>Q3 2021</b>	P2P Platform (Testnet)
<b>Q4 2021</b>	P2P Platform - Go Live Autonomous Claim platform commencement