



CROWD COVERAGE

Whitepaper V3.1

4/16/2018



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“Armed with the power of smart contract technology, our goal at CrowdCoverage is to guarantee faster, more trustworthy insurance at lower costs and in larger volume than could ever be dreamed of in the traditional insurance world.”

Abstract

CrowdCoverage is revolutionizing the insurance market by introducing decentralized smart-contract crowdfunding to the policy negotiation and claims management processes.



The CrowdCoverage platform is an interface wherein the process of purchasing insurance is as simple and streamline as shopping for an item on Amazon, where insurance providers are enabled to quickly and efficiently underwrite policies on a sophisticated marketplace, and where smart contract technology makes the experience cheaper on both ends. On the CrowdCoverage platform, claims are settled by a representative tribunal according to communally agreed-upon protocol, instilling the claims-management process with decentralized-consensus objectivity.

The insurance industry — indispensable, trillion-dollar juggernaut that it is — will only become more important with the passing of time. Insurance will transform from a necessity in the back of people's minds to a concern on the tips of their tongues. But before this happens, the insurance industry needs to experience a significant redevelopment or else it will grow narrower, more stagnant, and leave more people unprotected. That's why we've started CrowdCoverage, a platform that delivers insurance to the people via an efficient and easy to use marketplace powered by smart contract technology.

Ours is a platform that allows customers to interface with insurance companies more easily and to purchase insurance at more competitive rates. By replacing expensive third-party arbitrators with autonomous publicly vetted algorithms, the Crowd Coverage platform allows for the insurance industry to become safer, friendlier and more reliable for everyone. To shape the future of the insurance industry and make it more equitable and fair for everyone, CrowdCoverage wants you to join our growing community. Help us deploy a platform that gives consumers exactly what they ask for, and the insurance that's right for them, their families, and their communities.

Once upon a time the process of buying insurance was lengthy, expensive, and accompanied by reams of convoluted fine print. With Crowd Coverage, the process is quick, fluid, and cheaper for both providers and customers. The platform enables insurance providers to share risks on certain policies with others and rapidly manage numerous clients at once, without having to worry about friction points with third parties such as banks or claims management centers. All policies are immutably inscribed upon the blockchain, as are claims-management decisions, preventing fraud and bolstering systemic trust. Armed with the power of smart contract technology, our goal at Crowd Coverage is to guarantee **faster, more trustworthy insurance at lower cost and in larger volume** than could ever be dreamed of in the traditional insurance world.

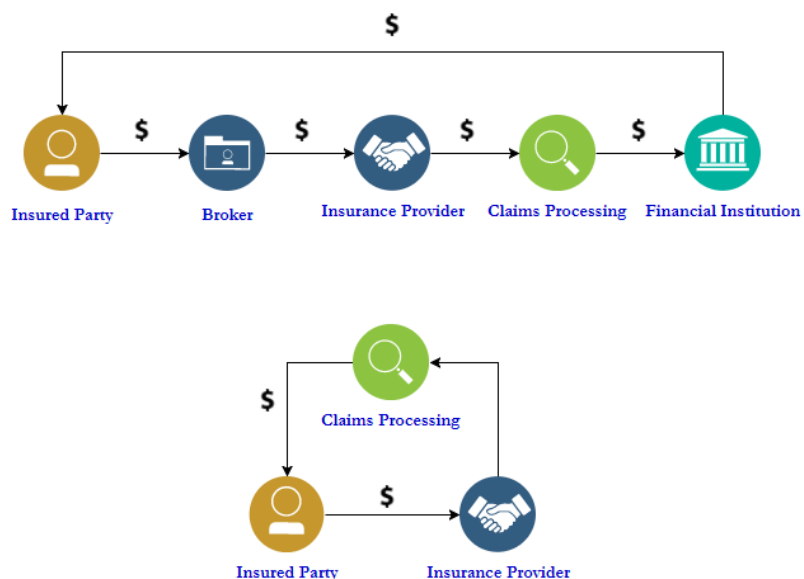


Figure 1 Overview of fee skimming in traditional vs. Crowdfunded Coverage ecosystems

Value Proposition

Frictional costs, superfluous middlemen, conservatism of risk, and scalability impediments all plague the insurance sector today¹. Respectively, these issues increase overhead expenses for insurance providers, raise premium costs for the insured, lower the likelihood of the average consumer securing insurance coverage, and restrict the insurance market to large-scale deals that exclude *massive potential markets* consisting of small-scale personal item and temporary insurance policies.

A decentralized and crowdfunded property-coverage market will alleviate if not eliminate *all* these issues, thus a) cutting combined expenses for insurance providers and consumers, b) increasing the likelihood of the average consumer securing insurance policies, and c) opening the market to small-scale consumers as well as to temporary policies—a market which heretofore has remained largely untapped².



Frictionless



Decentralized



Risk Diverse



Scalable



Trustworthy

1) Reduction of Systemic Friction

In the case of an insurance claim, the traditional insurance model necessitates the presence of a Third-Party Administrator (TPA); sometimes multiple TPAs are required. The most common form of a TPA is a claims-manager, who determines whether the settlement prerequisites have been met, often for a hefty fee that is handed down to the insurer and factored into the insured's costs³. TPAs are also utilized in the case of a payment, whereby financial entities, often banks, receive verification from the claims manager that a payment is due to either party. This TPA

also charges a fee and the presence of this party increases the liminal time between event and payment.

Through the use of smart contract and blockchain technology the Crowd Coverage Network drastically cuts the cost of claims-management fees, forces transparency onto the former of these TPAs, and eradicates the need for the latter form of TPA altogether. In other words, the Crowd Coverage smart contract explicitly denotes the price of claims-management before either party affirms their participation and, on top of that, immutably requires that both parties—the coverage provider and the covered—share the administrative costs in the event of a claim. Finally, because the smart contract itself acts as the entity that affirms and carries out transfers of COVR tokens for settlements, the financial form of a TPA entity is eliminated. By the process of the smart contract being both public and immutable, the claims management process thus becomes cheaper and more trustworthy. More can be read on this topic in the “token mechanics” section.

2) Elimination of Middlemen

The traditional model of insurance generally also implies the presence of an insurance agent or broker who ostensibly proffers a knowledge of the insurance market and a specific care for the intended insured’s needs. These middlemen charge commissions ranging from 5%-20%, the fees of which are rarely reported to the consumer, but rather opaquely included in the price of the coverage⁴.

The beauty of the CrowdCoverage platform is that it eliminates the need for such brokers or agents and allows for users seeking property protection to be as specific as possible about their needs in their classified ads and displaces the brokerage responsibilities to the coverage providers bidding on the ads. It is our job to implement the protocols that our community asks for. Due to the nature of fundraising infrastructures in the emerging sector, we are enabled to devote the majority of our attention to improving the network itself, rather than finding a way for us to profit off it. In this way we are proudly distinguished from brokers because we are *beginning* our project with the funds necessary to maintain an efficient development team. Thus all decisions made down the road will keep the user, rather than our paychecks, as the primary beneficiary. In this way we are equipped to create an insurance platform unlike any other that exists today—we hope you like it. And if

you don't, we'll change it! See, COVR token holders will be given voting rights in a variety of imminent decisions about the platform, including what types of insurance should be added, or if/how claims management protocols should be revised.

3) Increase of Willing Provider Risk

The insurance world is also notoriously plagued by unintuitive conservative risk undertakings. It has been noted that most insurance underwriters act under an abstract form of “risk radar” or superstitions dictated by their *a priori* experiences; in short, they act anecdotally rather than objectively⁵. For example, many underwriters may be less inclined to issue homeowners insurance in the state of California after a bout of wildfires, even if the fire codes have become more stringent in response to fire incidents. Due to this phenomenon, entire segments of insurance markets may remain underserved despite no actual increase of risk—only perceived risk.

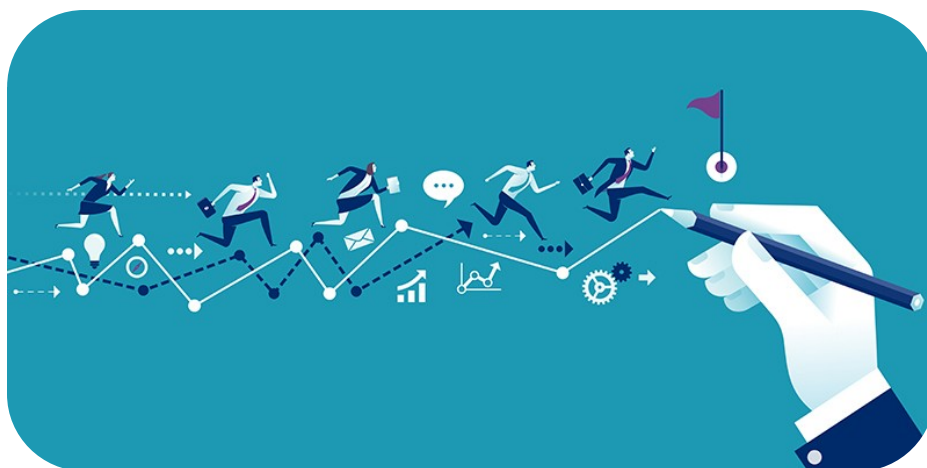
We hope to change this.

By introducing the crowdfunding ethos of “risk-splitting” to the act of underwriting, it stands to reason that the Crowd Coverage Network will **increase the overall risk of the property coverage market** and thus the number of persons whose objects are protected. In continuation of the aforementioned example, a homeowner seeking insurance in California in 2018 would likely find themselves rejected by multiple insurance underwriters before being accepted. After an inordinate amount of time searching, if a policy *were* eventually found, it would likely be overpriced due to the perceived risk of undertaking it! On the CrowdCoverage platform, however, hundreds of possible underwriters could review the coverage proposer's needs at the same time, thus increasing the likelihood of the party being covered and, as noted before, doing so without a cent going to a broker. Finally, by allowing for multiple insuring parties to share the risk on a single policy, coverage providers would thus be equipped with further control over the ratio of high-risk to low-risk policies included in their portfolios. **In short, the user is provided with better coverage opportunities in less time, and coverage providers are equipped with the tools necessary to diversify their risk portfolios at any scale**—more on this below.

4) Scalability of Market

The traditional insurance market also focuses most of their manpower on large-scale insurance deals, often at the expense of small-scale deals. Such a tendency remains an inherent result of the current market forces. But it doesn't have to; in fact, it shouldn't! See, due to the aforementioned frictional costs, it often makes little sense to issue insurance for small scale entities. Insurance providers thus miss out on an entire segment of the market that has yet to receive coverage, and a clear majority of the world's population misses out on coverage for their smaller personal articles. If only there were a way to help them out...

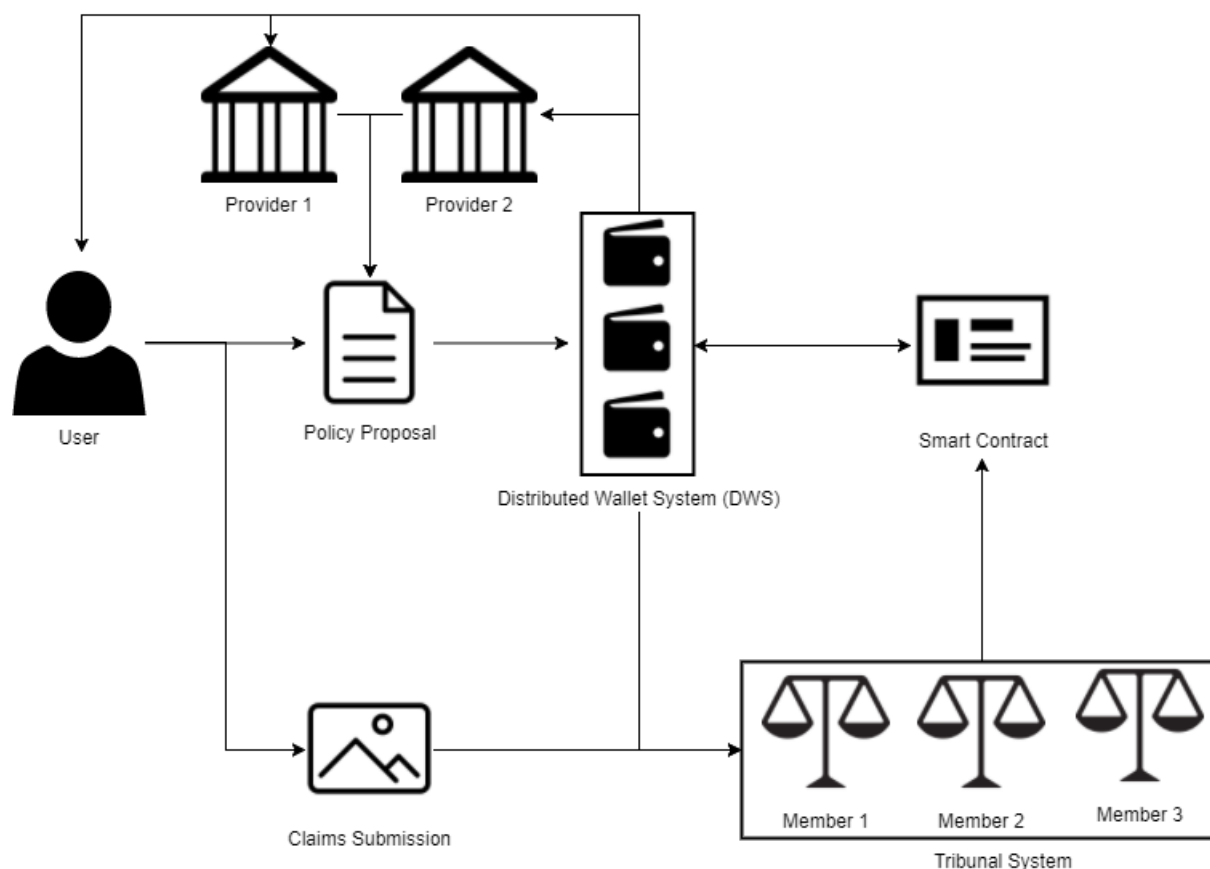
By both alleviating the frictional costs and allowing anybody to automatically receive an insurance quote, the CrowdCoverage platform ensures that no entity is too small to enter the market. Personal items such as cameras, musical instruments, etc., can be protected from damage, loss, or theft without brokerage fees and TPA commissions rendering such policies prohibitive. Furthermore, due to the elimination of unnecessary fees, the coverage market will be opened to those who would normally be financially incapable of participating in it. After the launch of our platform, the barrier to enter the property coverage market will be drastically reduced; we predict to see the world respond.



Consumer trust in the financial services sector has reached an all-time low⁶. Just ask anyone in the sector. For reasons already mentioned, many insured parties have realized that insurance firms do not, in fact, have their customers' best financial interests in mind. They have noticed stipulations in coverage contracts that render the insurance policy inapplicable in many claims situations. They have noticed outrageous fees and unwanted friction between themselves and their insurance companies. Ever had to call your insurance provider to dispute a claims decision? Ever read too deep into the fine print of your coverage agreement? Then you'll know what we're talking about.

As noted above, the Crowd Coverage Network returns trust back to the market through the use of technologies that render policy contracts both public and immutable⁷. In addition, through the unique tribunal system proposed herein, claims-management TPAs are removed from the process of claims processing; rather than a single agent deciding upon whether policy claims prerequisites have been met, multiple third parties inquire and vote upon events to determine the need for or extent of deductibles. Our unique system of claims management protocol incentivizes these tribunal members to seek the truth of every claim; long-gone will be the days of claims managers being bullied by their partners, or fraudulently manipulated. All claims management decisions are incentivized, anonymous, and irreversible.

The Platform



The CrowdCoverage platform provides an interface that enables users to submit information about themselves and immediately receive quotes for insurance policies. Insurance providers can opt to either supply automated quotes or to bid on said requests; they may also choose whether to purchase entire policies, or to share risk with other providers. Policy actions are carried out by mutual smart contracts written by the platform. **Through the use of these autonomous, decentralized contracts, insurance deals occur in lieu of centralized financial and administrative facilitators, thus reducing fees, wait times, and opportunities for deceit.** Payment mechanics are rendered transparent and accountable by means of publicly available ledgers, and objectivity is lent to the claims management process through a decentralized system of vote consensus, which dictates the result of claims submitted on the platform.

Token Mechanics

COVR tokens act as incentive-based fuels for the Crowd Coverage insurance ecosystem.

400,000,000 COVR tokens will be minted on the occasion of launch of the Crowd Coverage Alpha testnet. COVR token may be received in a number of ways, either through the purchase of stock during our pre-sale or public sale, the participation in our User Growth Pool subsidy program, or via eventual purchase on the platform itself. It must be noted that COVR token are not intended to be treated nor regarded as securities under common practice law regarding relevant compliance restrictions.

Within the Crowd Coverage ecosystem, COVR Tokens act as service validators, claims incentives, and anti-fraud devices.

- 1) Primarily, COVR tokens operate much in the same manner as tokens in an arcade, or as service validators. That is to say, tokens must be used to “run” the Crowd Coverage Network program; as such, tokens must be used to propose a policy; this nominal fee serves multiple purposes. Primarily, it operates as a first-defense vetting device—it prevents an excess of fake or half-hearted proposals. Second, it compensates for the gas used in the sending and receiving of tokens. Finally, a minimal amount is kept by the company and used to fund the upkeep of the platform itself.
- 2) COVR tokens are also used to incentivize the efforts of tribunal members. This ensures that claims are handled both fairly and efficiently. More on this below.

We do NOT require that deductibles and premiums be paid in COVR tokens; on our alpha platform, ETH will also be an acceptable form of payment. On our finalized platform, there will likely be more.

System Overview

After supplying information and receiving a quote, a user may then compare quotes from insurance providers or send inquiries to providers who have not yet opted-in to the automated program.

After finding a policy with acceptable premium rates and policy stipulations, the user must then stake X amount of COVR in order to accept a proposed quote from an insurance provider. These COVR tokens 1) are used to pay for the gas necessary to run the platform, and 2) incentivize the tribunal members to review the proposal in the case of a claim. In order for a staking to be considered valid, sufficient information must be provided about the item being insured (e.g. serial number, estimated value, etc.), sufficient information about the hazard the item is being protected from is provided, etc. If these fields are met, the policy is posted to the marketplace. The proposed premium amount is then given the final go-ahead by the insurance provider in question.

Insurance providers must input the share of the policy they would like to cover and then stake an amount of COVR tokens (or ETH, or, later, other currencies) equivalent to a) the amount required to cover that share (this share being proportional to the total coverage stipulated in the proposal), b) the amount required to cover claims management stakes (this share being of an equivalent proportion to that of section 'a'), and c) the amount required to cover gas costs.

For example: Let's assume that on a given day claims fees equaled about \$1 and total gas costs equaled about \$1 as well, for a total of \$2 of overall fees. Let's assume a theoretical User1 proposed a policy that required \$100 worth of premium funding and \$1 worth of claims/gas fees. They would offer \$101 dollars. If Insurance Provider 2 wanted to bid on half of this policy, they would stake \$50 plus \$0.50 (for half of the matched claims/gas fee). Insurance Provider 3 could then bid an equal amount to fulfill the policy funding goal or could bid a proportion of the remaining \$50.50.

If a policy reaches its funding goal, the agreed-upon shares are immutably inscribed onto the blockchain and the COVR tokens staked by both insured and insurer parties are placed in escrow. Both parties then affirm that in the case of a claim, these funds will be irreversibly distributed according to the better judgment of a tribunal. If the funding goal is not reached within a predetermined timeline, then the COVR tokens staked by both insured and insurers are returned to their respective parties, minus gas fees, but free of charge.



Claims Protocol

In the event of a claim being made by an insured party, that user will submit an online claim application that includes a comprehensive review of the event that occurred, including but not limited to photographs, detailed explanations, police reports, receipts, and the contact information of witnesses or local authorities. Coverage provider(s) will be notified of the claim submission.

Tribunal users will then be given the opportunity to vote on the validity of the claim.

Tribunal members are users who have undergone training provided by CrowdCoverage regarding standardized protocol for reviewing insurance claims, and have been subsequently approved by the company for participation in the tribunal system. Once approved, the tribunal member may therefore review claims submissions in exchange for COVR tokens.

For a given claims submission, the number of tribunal members assigned will be determined by a) the announced value of the insured item, b) the experience of the tribunal member(s) assigned, and c) the amount of information provided by the user about the claim itself.

If a tribunal user contacts one of the listed parties in the claims application, that user's vote will be augmented in its sway, and that user will receive a commensurate increase in the incentive provided to them. Algorithmic data trawls will be used to detect and flag any fraudulent use of the tribunal module; in this manner, bot manipulation, DDOS attacks, and tribunal bias will be prevented from influencing claim outcomes.

Tribunal users are given 36 hours of deliberation per claim. Votes may be changed during this time and all votes remain anonymous. At the end of the 36, the decision is made according to majority vote and the appropriate amount of escrow money, as stipulated by the smart contract, will be allocated to the party dictated by the majority vote (see below).

In another measure intended to eradicate tribunal bias in the claims management process, tribunal members are incentivized to vote in favor of perceived mutual consensus. The COVR fee paid by the user undergoing claim the claim is then distributed evenly amongst tribunal members in the majority voting party. If, for example, five out of seven members vote in favor of a coverage claim, those five will split the claims fees. In this way, purposeful-denial (moral-negligence) votes will be dis-incentivized.

Note that tribunal protocols and mechanics will be revised according to community votes staged at regular periods stipulated in our roadmap below. In this way we hope to regularly improve the tribunal process for our users.

In accordance with the above mechanisms, the claims management process is granted a safeguard against fraud as well as human bias, and claims decisions occur without the need for a central facilitative entity, altogether revolutionizing the way claims are handled in the sector.

Development

Team⁸



John Pearson
Cofounder

Cofounder at InstinctiveDrives,
VP Sales at Humantelligence, VP
Product & Tech at Aberdeen
Group



Justin Bongi
Cofounder

Founder of Cinefeed, Editor at
Wilder Voice Press, Developer
at News Analytics Platform



Phillip Lorenzo
CTO

Software Engineer at Learners
Guild and Accel.AI, Oakland
Blockchain Developers
Member



Bob Penny
Insurance Advisor

Senior Vice President at Protected
Self Insurance Program Managers,
SVP at Global Intermediaries, SVP at
AIG Specialty Excess, Vice President
at C.V. Starr & Co.



Rahul Sethuram
Tech Advisor

CTO at ConnexAPI, Co-
Founder at Tip'd Off, Senior Test
Engineer at Tesla Motors



Ryan David Williams
Legal Advisor

Founder of Experience Legal,
VP Startup Genius, Capital
Markets Associate Morrison &
Foerster LLP

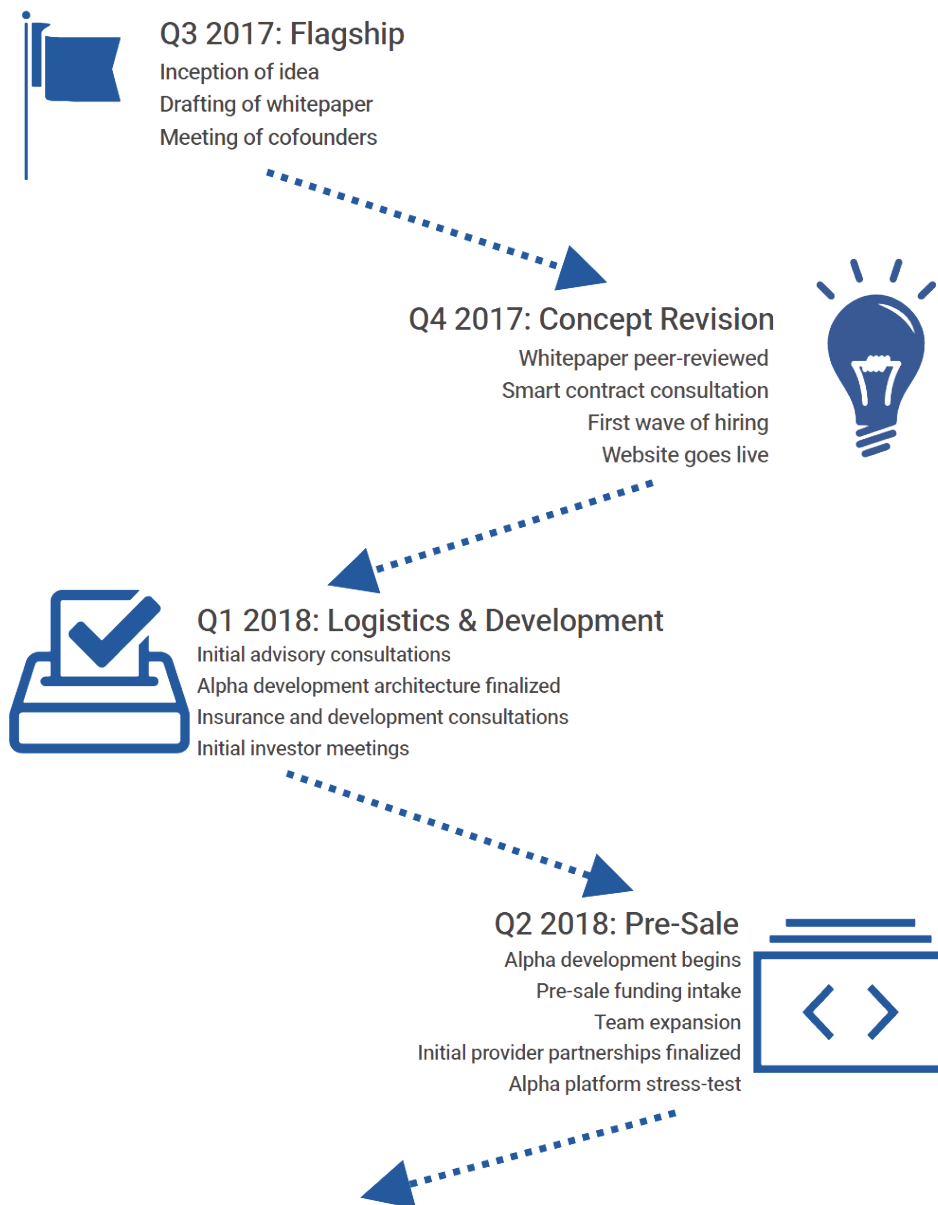


Dondrey Taylor
**Business Development
Advisor**

Cofounder at Decentralized
News Network, Cofounder at
Minichat Inc, Full Stack Dev at
Purzue



Roadmap





Q3 2018: Alpha goes live!

- Alpha V1.0 deployed
- User Growth Pool distributed
- Secondary partnerships negotiated
- Assessment of user demand for package deals



Q4 2018: Version Two!

- V2.0 up and running!
- Second wave of User Growth Pool distributed
- Revision of provider-side UI
- Market-style provider-side updates
- Addition of risk-split option
- Claims protocol revision, voting system update



Q1 2019: Autonomy!!!

- Extent of possible app autonomy achieved
- User-chosen packages added
- Claims management system streamlined
- Server-side to blockchain shift



2019 and Beyond: The Expansion

- Expansion of insurance catalog
- Negotiation of licensing deals
- Marketing shift small firms --> established competitors
- Individuated platforms for new insurance categories



Market Analysis

	 CROWD COVERAGE	 Traditional Insurance	 Etherisc	 AIGang	 Lemonade	 Insurepal
Embedded Transparency	✓	✗	✓	✓	✗	✗
Decentralized	✓	✗	✗	✓	✗	✓
Extended Beyond IOT	✓	✓	✗	✗	✓	✓
Fraud Resistant	✓	✓	✓	✗	✗	✗
P2P Enabled	✓	✗	✗	✗	✗	✓
Valid Token Use Case	✓	✗	✗	✓	✗	✗
Scalable	✓	✗	✓	✓	✓	✗

Traditional Insurance Companies

Most merits and faults of the traditional insurance market are addressed in the value proposition above. The ways in which a decentralized network cuts fees and expands the market remain valid, but there always exists the possibility of blockchain technology being adopted by these organizations or of mimesis of the COVR token. Regarding the first of these points, most preexisting companies have resisted pressures to adopt blockchain technology due to the transparency such an adoption would force upon such companies⁹. As discussed above, most insurance policies remain purposefully opaque as a means of obscuring the fees that are inevitably handed down to the parties seeking insurance. As such, it is unlikely that blockchain technology will be adopted by big names in the insurance market until the threat of disruption forces them to do so—this will not occur until the CrowdCoverage

platform is already up-and-running and has achieved a first-to-market advantage. Regarding the second point, though mimesis is a possibility what with the rapid growth in number of similar companies over the last few months, again, the first-to-market advantage remains for the CrowdCoverage platform, and the user-growth pool allocation in the token distribution serves as a means of securing a share of the market before any other company is able to do so.

Etherisc

A recent crypto-based insurance company by the name of Etherisc exists, bearing the tagline “decentralized insurance.” While at first this was perceived as a threat, the truth is that their tagline is a misnomer. Etherisc is not, in fact, decentralized, but rather *autonomous*. In other words, Etherisc is attempting to autonomize the insurance claims process¹⁰. Their leading product takes the form of flight delay insurance, whereby users may pool their risk regarding the timing of their airline flights; if one flight is delayed, that user is compensated for the new ticket they must purchase. While user-risk pools are certainly a burgeoning market in the insurance sector, the CrowdCoverage platform distinguishes itself from Etherisc in the following ways: 1) CrowdCoverage is actually decentralized by the means of its claims protocol, whereas Etherisc is technically centralized around a static algorithmic methodology, 2) CrowdCoverage allows for dynamic claims-management that necessitates the presence of human tribunal members for real-time events that are not data-driven, and 3) CrowdCoverage is attempting to secure a share of the market (personal articles) that Etherisc, by definition, for reasons stated above, is incapable of securing. As such, though an important and impressive project, they are not regarded as viable competition.

AIGang

An organization known as AIGang uses a similar model as Etherisc’s, whereby claims processing occurs on what is known as the internet of things (IOT). In this model, apps are downloaded onto technology (E.G. phones, consoles, drones, etc.) that the user would like to insure. This app monitors the vital signs of the insured devices. If the app detects a failure in any of these vital signs, a signal is sent to the policy issuer that requests a payout equivalent to the amount agreed upon in the policy contract. Similarly to Etherisc, AIGang is more centralized than advertised.

Further, it is restricted not only to data-based technological articles of insurance, but also runs a higher risk of moral-hazard induced insurance fraud. Whereas Etherisc verifies the data-triggers for policy payouts through a separate entity (in the flight delay example, this could be an airline's website), AIGang wields no separate entities for data-verification and is therefore prone to data manipulation. In short, a user could theoretically destroy their own device, thus triggering the vital signs threshold and granting them their policy payout, and the insurance providers would never have known. With CrowdCoverage this issue is resolved through the group resolution-based tribunal system. It is our assumption that insurance providers will be more inclined to utilize a platform with such safeguards against insurance fraud, rather than one that largely relies on implicit trust of users.

Lemonade

Lemonade is a fledgling company set to disrupt the traditional investment sector. They derive the majority of their value from two primary sources: scalability and trust propositions. Regarding scalability, they are on the same playing field as CrowdCoverage; Lemonade's marketing scheme gears it towards "urban dwellers," stating that their users can insure items as small as headphones to protect them from theft¹¹. In this regard, they are a direct competitor of the Crowd Coverage Network. Regarding their trust, proposition, however, they are not. In their marketing video they propose that their company will decrease the number of claims made by insured parties by balancing policy claims against charity. In other words, whatever premium money is not claimed by insured parties will be donated to a charity of their choice. By this process they hope to decrease the embellishment of claims and the excess of disingenuous or moral hazard-type claims through a form of guilt leverage. Though noble in theory, we at CrowdCoverage believe that the staking and tribunal protocols are more likely to succeed in lessening the number of invalid claims, as no such guilt-leverage model has ever succeeded in the market. Furthermore, though Lemonade advertises a "transparency" of fees that they skim of all policies, those fees remain astronomical, around 20% or so. By decentralizing the insurance process, we at CrowdCoverage aim for a much lower rate than this. After all, Lemonade seeks to make a profit off the policies they offer and thus, transparent and ostensibly philanthropic though they may be, still do not always have their customers best financial interests in mind; at CrowdCoverage, however, because our team will never

see a cent of brokerage commissions or premium fees, we have a vested interest in keeping fees at the lowest rate that will keep the tribunal system running efficiently. As a result, it is likely that COVR will be equipped to offer much cheaper fees and a more reliable form of ‘trustless trust’ than Lemonade.

InsurePal

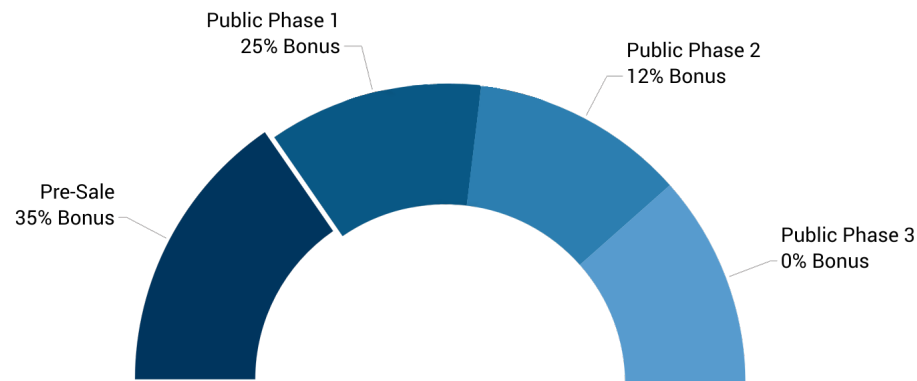
Insurepal seeks to provide a form of “distributed social proof insurance” through the utilization of a platform that necessitates social media endorsements from the networks of its users. In short, users are granted discounts if they can convince others in their network to pay a segment of their deductible. Of course, the timeless question that faces all blockchain-based platforms, certainly applies here: does it really need a token? Likely not. Indeed, their only claim to “utility” is vague and contrived, claiming that usage of the blockchain will “expand peer-to-peer risk managed operations,” securing “higher transparency without aggressively invading privacy.” Our team wonders if anyone has told them such a fabled technology exists. It’s called encryption of user data. It’s been around since the dawn of the internet. As such, InsurePal leaves itself vulnerable to two possibilities. One, their technology is adopted by preexisting insurance companies. This seems a likely possibility in our team’s eyes. InsurePal’s seems to think so, too—they filed a patent on their social proof “technology.” A cursory glance reveals, however, that the patent was rather hastily cobbled together from a template, and does not seem to be in earnest. Ergo, it is likely InsurePal won’t last longer than a year, and certainly won’t be disrupting anything anytime soon. Two, InsurePal likely won’t stand the rigorous vetting process of the coming regulatory waves. Their claim to blockchain technology is tenuous at best, and likely will not withstand the tests of time. The moment a competitor emerges that does *not* necessitate its users’ purchasing of a faux-utility token, InsurePal will lose most of its customer base.

At CrowdCoverage, we are not concerned about the appropriation of our technology by preexisting companies. Indeed, blockchain technology is no surprise to the insurance sector; most companies appear already to know about it and utilize distributed ledgers themselves. It is not in such companies’ best interests, however, to use smart contracts in the manner of CrowdCoverage. The sector will resist the adoption of such technology for as long as possible—as noted above, rendering fees

and claims decisions fully transparent and automated cuts out several opportunities for fee skimming, etc. Further, Crowd Coverage's utility clause is far more straightforward than InsurePal's. We don't need our customers to conduct mental gymnastics to understand why we need a token. It can be summed up in a single sentence: to incentivize our platform and maintain some control over the total supply and cost to use our platform. Our model allows us to raise enough initial capital that we are *not* working for exorbitant profit from our platform; our token allows us to implement a micro ecosystem of incentivized insurance handling; and our own token allows us to decide the number of said circulating tokens from the beginning, an opportunity that would not be present if we were to, say, use Ethereum, or some other platform token.

Finances

Please note: specific numerical values listed within this document are subject to change.



Token Rates

COVR tokens will be made available to potential users in a number of ways. Seven percent will be available via our User Growth Pool subsidy program, and we hope to eventually implement a program which allows us to resell COVR tokens directly on our platform at the time of policy purchase.

The majority of COVR tokens, however, will be distributed as bonuses to persons who purchase common stock. More on this below.

Phase	Equivalent Token Value (USD)	Token Bonus	COVR per \$100
Pre-Sale	0.0125	35%	8,000
Public 1	0.015	25%	6,500
Public 2	0.0175	15%	5,500

Public 3	0.02	0%	5,000
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Pre-Sale Logistics

We are excited to announce that we will be partnering with our friends at StartEngine to conduct our pre-sale! Starting on April 20th, we will be selling 107,000 shares of common stock in CrowdCoverage, Inc., for a price of \$1 per share. \$100 will be the minimum available for purchase.

In accordance with the revolutionary SEC-compliant RATE model developed by StartEngine, each purchase of 100 shares will grant the purchaser a bonus of 8000 COVR tokens for use on our platform! This means that for every \$0.0125 invested in Crowd Coverage, one token will be granted to the investor within a reasonable timeline following the sale (estimated 60 days). Upon the completion of the sale, all investors will be contacted with more information about redeeming these bonuses. All early participants in this sale will therefore be given exclusive early access to our alpha platform once it launches!

Amount Invested	Bonus Awarded (in COVR Tokens)
\$100	<i>8,000</i>
\$500	<i>40,000</i>
\$1,000	<i>80,000</i>
\$2,500	<i>200,000</i>
\$5,000	<i>400,000</i>
\$10,000	<i>800,000</i>

Investors who purchase common stock now will receive 35% more COVR tokens than if they were to wait until our public sale to purchase. Buy now and get the chance to use our platform right when it's launched, for a lot cheaper than if you wait!

If our funding cap of \$107,000 is reached, we plan to extend our pre-sale to a \$1.07 million max-cap sale. Bonus rates will remain the same for this extension period. Full terms, conditions, and risks may be read on the StartEngine campaign page.

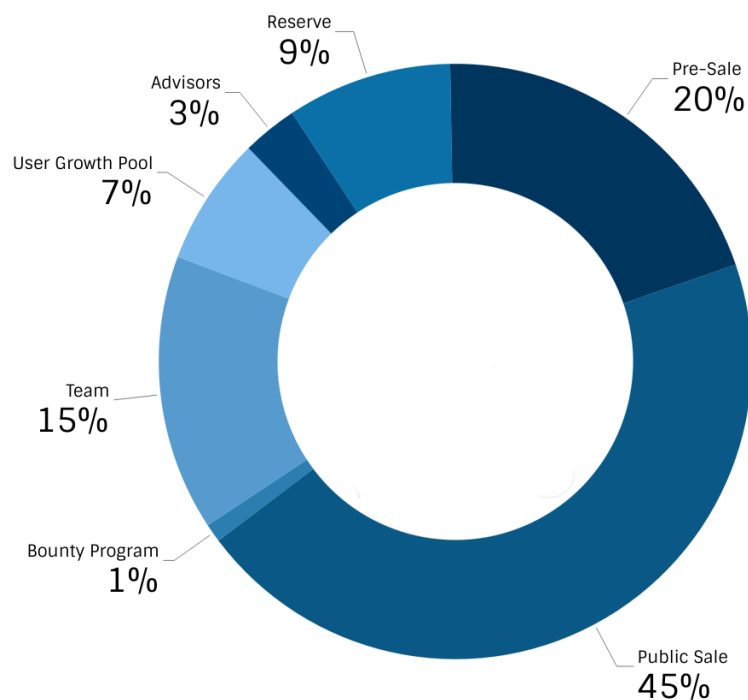
Our public sale will be conducted after the launch of our alpha platform and will have a maximum funding cap of approximately \$3 million. COVR tokens for this sale will be distributed at a rate that will begin at about one token bonus per \$0.015 invested, maxing out at one token bonus per \$0.02 invested. Join our email list or follow us on social media to be notified when further details and dates are released regarding our public sale!

All purchasers of the COVR token acknowledge that Crowd Coverage itself is NOT an insurance provider and that COVR tokens serve the utility of access to the Crowd Coverage platform; they are not considered solicitations of insurance, nor offerings of securities. Investors, by purchasing, also acknowledge that they have read and understand all risks written out on the StartEngine campaign page and their complete understanding of this document.

Public Sale

Upon completion of the private pre-sale, 45% of all minted COVR tokens will become available for public purchase either through the RATE model or direct public purchase. In continuation of the Dutch auction-style sale, the first 80,000,000 COVR tokens distributed will be discounted at an equivalent of 25% below final. The final portion of COVR tokens will be distributed for a full equivalent price of \$0.02 per token.

COVR Token Distribution



Twenty percent of COVR tokens will be distributed in the pre-sale to investors in the company's common stock. These tokens will be offered at a discount rate until 20% of all tokens are distributed, at which point the sale will end. Later the public sale will commence and bonus rates will shift. The funding from our pre-sale will be utilized to fund the development of the alpha platform and the early operational expenses associated with technology startups, including but not limited to legal counsel, web design, marketing, etc. All pre-sale customers must affirm their agreement with the CrowdCoverage company regarding their willingness to comply with all relevant laws in their jurisdiction, as well as affirm that they understand all risks acknowledged in the 'Risks' section of this document. **All purchasers of the COVR token acknowledge that Crowd Coverage itself is NOT an insurance provider and that COVR tokens serve the utility of access to the Crowd Coverage platform; they are not considered solicitations of insurance.** All insurance activity conducted on the Crowd Coverage platform will be done in cooperation with the licensed insurer on local markets. The company, CrowdCoverage, seeks only to develop a platform for conducting such business, and does not solicit or negotiate any

private deals regarding insurance policies, or any deals which could be considered such.

A maximum of forty-five percent of COVR tokens will be distributed after the launch of the alpha COVR platform. Any tokens not sold during the public sale will be added to a reserve pool for later distribution to be determined by the founding team.

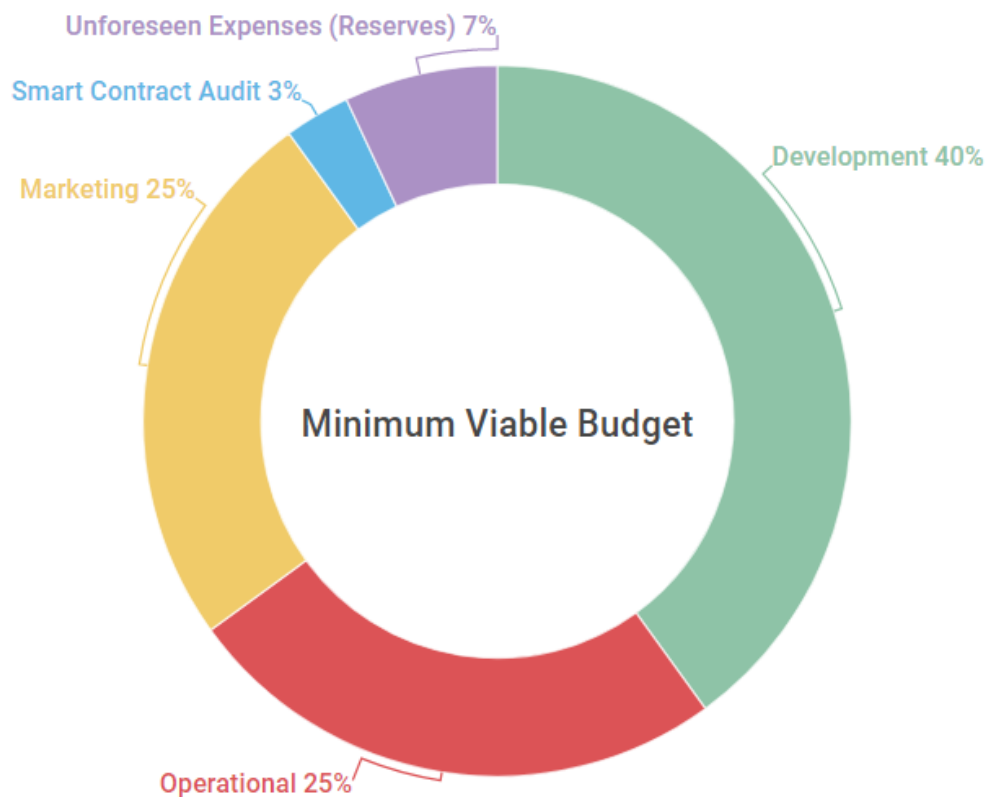


Figure 2 Budget estimates for Pre-Sale funding.

Fifteen percent of COVR tokens will be distributed to the development team.

Three percent of COVR tokens will be relegated for distribution to the team of advisors in exchange for their assistance in the development and maturity of the CCN platform.

One percent of all COVR tokens will be used to incentivize the searching for bugs in Crowd Coverage platform code. These bounties will be announced following the deployment of the alpha platform.

Nine percent of COVR tokens will be used to incentivize future development hires, marketing programs, community engagement systems, etc. These will be distributed at the cofounders' discretion.

Finally, about seven percent of all tokens will be utilized to incentivize user-growth, which is defined as the distribution of tokens to insurance providers as a means of subsidizing fees and matching bids on insurance policies. User-growth pool tokens may also be used to incentivize advertisers and content creators to provide coverage of the Crowd Coverage platform. These tokens may also be used to facilitate refunds, disputes, or other unforeseen complications in the policy facilitation process.

More on this program can be read below.

User Growth Pool Logistics

A subsidization program will be utilized on the alpha V1 and V2 CrowdCoverage platforms in order to allow for competitive fee rates while also generating sufficient revenue to sustain operational business costs. The subsidy program will end when sufficient userbase (SU) is achieved to cover overhead costs and prolong business practices indefinitely.

Preliminary estimated fee/subsidy splits for our alpha testnet are:

Initial fee per policy:

Flat \$1.5 for premiums below \$10

\$0.5 subsidized

5% for premiums above \$10

2.5% subsidized

Eventual splits for the final program are:

Sufficient Userbase Fees:

Flat \$1 for premiums below \$10

No subsidy

2.5% for premiums above \$10

No subsidy

UGP: 7% of total token pool (28,000,000 tokens)

Estimated \$500,000 value (conservative)

In other words, for every \$1 subsidized, another dollar is made.

About $\frac{1}{5}$ to $\frac{1}{4}$, however, will be used as flat payments to providers, to incentivize their usage of the platform.

Therefore, the UGP will generate about \$400,000 of low-overhead revenue.

At our currently estimated fund allocation / month minimum, this buys us 5 extra months beyond basic funding from sale(s), possibly more if market allows for higher rate of token resell values. This timeline in addition to the estimated timeline generated by the funding of our Pre-Sale allows us an approximate one year deadline for generating revenue (longer once our public sale is completed).

Transparency Policy

We at the Crowdfunded Coverage Network hold ourselves to a higher moral business standard. We aim to improve the personal property coverage sector in a transparent and reliable manner and as a result it is proudly acknowledged that our tokens will grant users immediate utility upon their purchase during the public sale. All relevant updates regarding the development of the Crowd Coverage platform will be provided to its community in timely manner via social media, including delays. The community will also be invited to assist with many aspects of the review process of our platform, as facilitated by bounty and voting programs, for impending announcement. By this we hope to further our goal of re-instilling transparency and trust into the insurance market.

We invite you, the reader, to contact us with any other suggestions or concerns regarding our platform or company.

By these promises and protective measures we hope to reassure our community and the cryptocurrency community at large that there are higher standards of conduct which may realistically be met; we hope to serve as an example of such conduct and rely on the community to hold us accountable to these promises.

Risks

This document is for informational purposes only and does not constitute an offer or solicitation to sell securities in any jurisdiction. Any such offer or solicitation will be made only by means that are in compliance with applicable securities and other laws. No information or opinions presented herein are intended to form the basis for any purchase decision, and this document does not constitute investment advice or counsel. This document is not part of, and may not be relied on in connection with, any contract or commitment whatsoever. Any purchase or sale involving Crowd Coverage Network will be set forth and governed exclusively by other documents. The Crowd Coverage Network expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from: (i) reliance on any information contained in this document; (ii) any error, omission or inaccuracy in any such information; and (iii) any action resulting there from.

This document contains forward-looking statements that are based on the Crowd Coverage Network's current understanding, expectations, and assumptions, which the team at the Crowd Coverage Network believes to be reasonable. These statements involve inherent risks and uncertainties, including those relating to our early stage of development, ability to attract users and grow our business, regulatory matters, and matters bearing on cryptocurrencies generally. These risks and uncertainties may cause actual results to differ materially from those expressed or implied by such forward-looking statements. You should not place undue reliance on such statements, and no representation is or can be made as to their attainability or accuracy. This document is written as of its date and the Crowd Coverage Network undertakes no obligation to update any statements herein, except as required by law. The whitepaper may be updated or altered, with the latest version of the document prevailing over previous versions and we are not obliged to give you any notice of the factor content of any changes. The latest version of the whitepaper in English is available on the website. While we make every effort to ensure that all data submitted in the White Paper is accurate and up to date at the point in time that the relevant version has been disseminated, the proposed document is no alternative to consulting an independent 3rd party opinion. The whitepaper and the related documents may be translated into languages other than English. Should a conflict or an inconsistency arise between the English language version and a foreign language version, the English language version of the Document shall govern and prevail. The whitepaper does not constitute an agreement that binds the Crowd Coverage Network, its directors, officers, employees and associates does not warrant or assume any legal liability arising out of or related to the accuracy, reliability, or completeness of any material contained in the whitepaper. To the fullest extent permitted by any applicable law in any jurisdiction, the Crowd Coverage Network shall not be liable for any indirect, special, incidental, consequential or other losses, arising out of or in connection with the white pages including but not limited to: loss of revenue, income or profits, and loss of data. Persons who intend to purchase COVR tokens should seek the advice of independent experts before committing to any action, set out in the White Paper. **THIS DOCUMENT DOES NOT GIVE PERSONAL LEGAL OR FINANCIAL ADVICE. YOU ARE STRONGLY ENCOURAGED TO SEEK YOUR OWN PROFESSIONAL LEGAL AND FINANCIAL ADVICE.**

You agree that you receive and hold COVR tokens at your own risk and that the COVR tokens are provided on an 'as is' basis without warranties of any kind, either express or implied. It is your responsibility to determine if you are legally allowed to receive the COVR tokens in your jurisdiction and whether you can then resell the COVR tokens to another purchaser in any given jurisdiction. You bear the sole responsibility for determining or assessing the tax implications of your participation in the crowdsale, or receiving and holding the COVRs in all respects and in any relevant jurisdiction. You also bear the sole responsibility for determining or assessing the legal implications of using COVR tokens on the Crowd Coverage Network and

for participating in the unique form of insurance offered on it. No regulatory authority has examined or approved of any of the information provided in these white pages. No such action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction. The regulatory status of tokens and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications, including the Crowd Coverage Network and COVR tokens. It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting distributed ledger technology and its applications, including the Crowd Coverage Network and COVR tokens. Regulatory actions could negatively impact the Crowd Coverage Network and COVR in various ways, including, for purposes of illustration only, through a determination that the purchase, sale and delivery of COVR tokens constitutes unlawful activity or that COVR tokens are a regulated instrument that requires registration, or the licensing of some or all of the parties involved in the purchase, sale and delivery thereof. The Crowd Coverage network may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

Given that the Crowd Coverage platform is based on the Ethereum protocol, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on COVR tokens. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to COVR tokens and the Crowd Coverage platform, including the utility of COVR tokens, by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol. As with other decentralized cryptographic tokens based on the Ethereum protocol, COVR is susceptible to attacks by miners in the course of validating COVR transactions on the Ethereum blockchain, including, but not limited to, double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any successful attacks present a risk to the Crowd Coverage platform, including, but not limited to, accurate execution and recording of transactions involving COVR tokens. Hackers or other malicious groups or organizations may attempt to interfere with the Crowd Coverage platform and COVR tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because the Crowd Coverage platform is based on open-source software, there is a risk that a third party or a member of the Crowd Coverage team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the Crowd Coverage platform or website, which could negatively affect Crowd Coverage, or COVR.

As a company, CrowdCoverage will compete with larger, more established companies who currently have products in the markets and/or various respective product development programs. They have much better financial means and marketing/sales and human resources than us. They may succeed in developing and marketing competing equivalent products earlier than us, or superior products than those developed by us. There can be no assurance that competitors will not render our technology or products obsolete or that CrowdCoverage.io developed by us will be preferred to any existing or newly developed technologies. It should further be assumed that that competition will intensify. CrowdCoverage has no history, no clients, no revenues. If you are investing in this company, it's because you think the CrowdCoverage.io is a good idea. You believe that we will be able to successfully market and sell on CrowdCoverage.io, that we can price it right and sell it to enough people so that the company will succeed. We have yet to sell anything and we plan to market a product that has no commercial contemporaries. Further, we have never turned a profit and there is no assurance that we will ever be profitable.

There can be no assurance that the company will meet business projections estimated here or in any other promotional materials. There can be no assurance that the company (and you will only make money) if

there is sufficient demand for the product, people think its a better option than the competition and CrowdCoverage.io has priced the services at a level that allows the company to make a profit and still attract business.

The company anticipates needing access to credit in order to support our working capital requirements as we grow. Although interest rates are low, it is still a difficult environment for obtaining credit on favorable terms. If the company cannot obtain credit when needed, it could be forced to raise additional equity capital, modify our growth plans, or take some other action. Issuing more equity could require bringing on additional investors. Securing these additional investors could require pricing our equity below its current price. If so, your investment could lose value as a result of this additional dilution. In addition, even if the equity is not priced lower, your ownership percentage would be decreased with the addition of more investors.

All investors should be prepared to hold their investments in this company for several years or longer. For the 12 months following investment, there will be restrictions on how one can resell the securities received. More importantly, there is no established market for these securities and there may never be one. As a result, if one decides to sell these securities in the future, you may not be able to find a buyer.

Due to the nature of such businesses, there is no guarantee that the size and specifics of the team currently listed will be the final team working on delivering the product described in the provided whitepaper. Obstacles including but not limited to unforeseen circumstances, conflicts of interest, and issues of funding may hinder the company's ability to fulfill business projections. The company may change personnel at any time, without notice to you or its users.

CrowdCoverage deals with multiple sectors that are arbitrated by compliance officials with ever-changing rules. We acknowledge our goal to remain as aware and adaptive to such changes in the space, but also forewarn that there may be laws or stipulations which our team does not foresee, or ambiguous laws which are interpreted differently by enforcement officials than our own legal counsel, or laws which our team is incapable of reaching compliance with in a timeline acceptable. All purchasers and users on the CrowdCoverage platform acknowledge by respectively purchasing stock or using the CrowdCoverage platform, that they have affirmed, under the oversight of counsel, the legality of conducting business through or with CrowdCoverage. In doing so, you agree under the extent possible by the law to waive CrowdCoverage of any responsibility for legal complications which may occur due to yours or others' involvement with the company. Further, you agree to first attempt to privately settle any legal issues with the company, with the arbitration of company legal counsel, before taking any issues to a court of law, and you acknowledge that the company is not responsible for yours or others' actions which may occur on a platform developed by the company.aid officials.

The company team reserves the right to make changes to this list of Risks, which will be appended to the company whitepaper, which will be updated occasionally on the company website, often without notice. You acknowledge that this may not constitute the final or complete list of risks involved with business conducted with the company, and agree to regularly check the company website for any updates to the risks listed there.

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of cryptographic and fiat currencies, the inability by the Company to establish the Minimum Viable Product or a given token's utility, the failure of commercial relationships, or intellectual property ownership challenges, the Company may no longer be viable to operate and the Company may dissolve or take actions that result in a Dissolution Event. In a Dissolution Event, investors will likely lose all of their investment.

The tax characterization of the RATE model and the Tokens is uncertain, and each Investor must seek its own tax advice in connection with an investment in any form of RATE model. An investment pursuant to the RATE and the receipt of tokens pursuant thereto may result in adverse tax consequences to Investors, including withholding taxes, income taxes and tax reporting requirements. Each Investor should consult with and must rely upon the advice of its own professional tax advisors with respect to the United States and non-U.S. tax treatment of an investment in the RATE model and the purchase rights contained therein.

Regulation of tokens, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges currently is undeveloped and likely to rapidly evolve, varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development and growth of the CrowdCoverage platform and the adoption and utility of the Tokens. Failure by the Company, or certain users of the CrowdCoverage platform to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines. As blockchain networks and blockchain assets have grown in popularity and in market size, federal and state agencies have begun to take interest in, and in some cases regulate, their use and operation. In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, like New Hampshire, North Carolina, and Washington, have amended their state's statutes to include virtual currencies into existing licensing regimes. Treatment of virtual currencies continues to evolve under federal law as well. The Department of the Treasury, the Securities Exchange Commission, and the Commodity Futures Trading Commission, for example, have published guidance on the treatment of virtual currencies. The IRS released guidance treating virtual currency as property that is not currency for US federal income tax purposes, although there is no indication yet whether other courts or federal or state regulators will follow this classification. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws. The regulation of non-currency use of blockchain assets is also uncertain. The CFTC has publicly taken the position that certain blockchain assets are commodities, and the SEC has issued a public report stating federal securities laws require treating some blockchain assets as securities. To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, the CrowdCoverage platform and the Tokens may be materially and adversely affected. Blockchain networks also face an uncertain regulatory landscape in many foreign jurisdictions such as the European Union, China and Russia. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect CrowdCoverage. Such laws, regulations or directives may conflict with those of the United States or may directly and negatively impact our business. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of CrowdCoverage and the adoption and utility of the Tokens. New or changing laws and regulations or interpretations of existing laws and regulations, in the United States and other jurisdictions, may materially and adversely impact the value of the currency in which the Tokens may be exchanged, the liquidity of the Tokens, the ability to access marketplaces or exchanges on which to trade the Tokens, and the structure, rights and transferability of Tokens.

Because of limited resources, the Company's administrative staff is quite small and there is little to no segregation of duties among the persons responsible for disclosure, bookkeeping, and financial accounting.

All numbers quoted in promotional materials proffered by the company are estimates based on the creators' best guesses at what may be possible through the application of specific technologies on a multitude of financial sectors. These figures, however, are strictly theoretical, and have not yet been proven. It is possible that extraneous factors may impede our ability to meet goal levels of fee reduction or goal levels business costs, etc.

The team reserves the right to make changes to this list of Risks, which will be appended to the company whitepaper, which will be updated occasionally on the company website, often without notice. You acknowledge that this may not constitute the final or complete list of risks involved with business conducted with the company, and agree to regularly check the company website for any updates to the risks listed there.

Citations

¹ <https://www.mercer.com/our-thinking/business-and-workforce-challenges-in-the-global-insurance-industry.html>

² [http://www.ressources-actuarielles.net/EXT/IA/sitebfa.nsf/0/BC591BD5F7B07218C12574CB002C3FA2/\\$FILE/DAL_MORO.pdf?OpenElement](http://www.ressources-actuarielles.net/EXT/IA/sitebfa.nsf/0/BC591BD5F7B07218C12574CB002C3FA2/$FILE/DAL_MORO.pdf?OpenElement)

³ <https://www.casact.org/pubs/dpp/dpp96/96dpp137.pdf>

⁴ <https://www.mrllp.com/blog-faq-disclosing-and-charging-broker-fees-in-california>

⁵ <https://www.accenture.com/us-en/insight-insurance-risk-management-study>

⁶ <https://www.edelman.com/trust2017/>

⁷ <https://www.forbes.com/sites/bernardmarr/2017/10/31/blockchain-implications-every-insurance-company-needs-to-consider-now/#c7624747026e>

⁸ Please note: all specifics mentioned here are anticipatory and subject to change. Pending additions to our team include a lead developer, insurance liaison, and marketing lead. Hiring decisions will be finalized after the completion of our first sale.

⁹ <https://www.mckinsey.com/~media/McKinsey/Industries/Financial%20Services/Our%20Insights/Blockchain%20in%20insurance%20opportunity%20or%20threat/Blockchain-in-insurance-opportunity-or-threat.ashx>

¹⁰ <https://etherisc.com/whitepaper>

¹¹ https://www.lemonade.com/?utm_medium=paidsearch&utm_source=google&utm_campaign=Brand&utm_term=%2Blemonade%20%2Binsurance&utm_creative=238773365037&mw=0&gclid=EAIaIQobChMImYry3fPa2AIVF8JkCh1zOQSZEAAYASAAEgIbN_D_BwE