

# InsurAce

Insure Your DeFi Journey

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InsurAce Team 2020

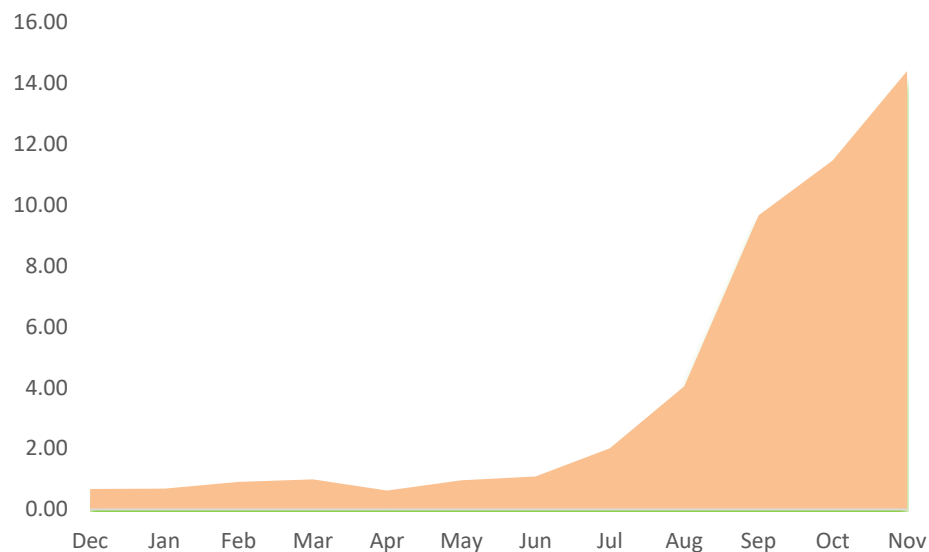


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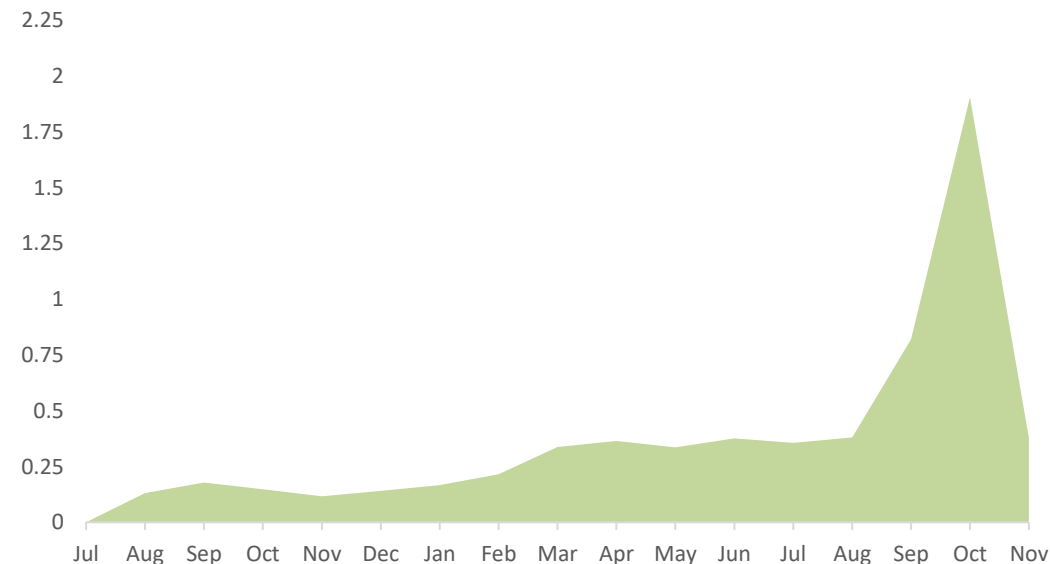
# 01 DeFi Insurance: the Next Big Opportunity



Total Value Locked (USD) in DeFi



TVL% Covered in DeFi



The Total Value Locked (TVL) in DeFi has reached US\$15B (Nov 2020), in which less than 1% has been covered by insurance. Total loss caused by cyber hacks amounts to 113.26M. The industry is calling for more insurance products.

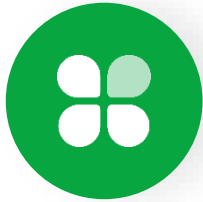
## 02 DeFi Insurance Like Solutions



Protocol	Nexus Mutual	yInsurance	Opyn	Augur
Mechanism	Mutual	Mutual	Financial Derivatives	Prediction Market
Risk Type	Cyber Hack	Cyber Hack	Asset Volatility and Cyber Hack (minor)	Asset Prices and Cyber Hack (none)
TVL	87.4M	N/A (Leverage on Nexus Mutual Capital Pool)	3.1M	0.75M
Coverage	56 protocols	11 protocols	10 contracts (0 for cyber hack)	17 events for 8 asset types (0 for cyber hack)
Annual Cost	Depend on pool size, 2.6% (min), 70.1%(max)	Same as Nexus Mutual (Cover provided by Nexus Mutual ultimately)	Depend on options pricing	1% Fee

\* The above data are updated as of 26 Nov 2020

## 03 Challenges of Current DeFi Insurance



### Product Accessibility

- High Premium
- KYC
- Limited Capacity
- Lack of Coverage for New DeFi Protocols
- Product Flexibility
- Cross-chain Coverage



### Capital Efficiency

- Unsustainable Investment Return
- Low Reserve Utilization



### Underlying Risk

- Security of Insurance Protocols
- Concentration Risk
- Claim Assessment
- Operation/Credit/Market Risk Evaluation

## 04 InsurAce Value Creations



### **"0" Premium**

Portfolio-based product design and unique pricing model to optimize cover cost, together with sustainable investment returns, achieving ultra-low premium close to "0".



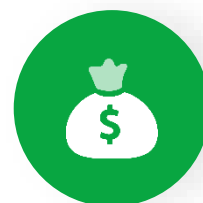
### **Enriched Product Line**

Wallet-based accessibility (No KYC), portfolio-based product design, cross-chain protocols coverage, providing flexible and easily accessible insurance protection to end users.



### **SCR Mining**

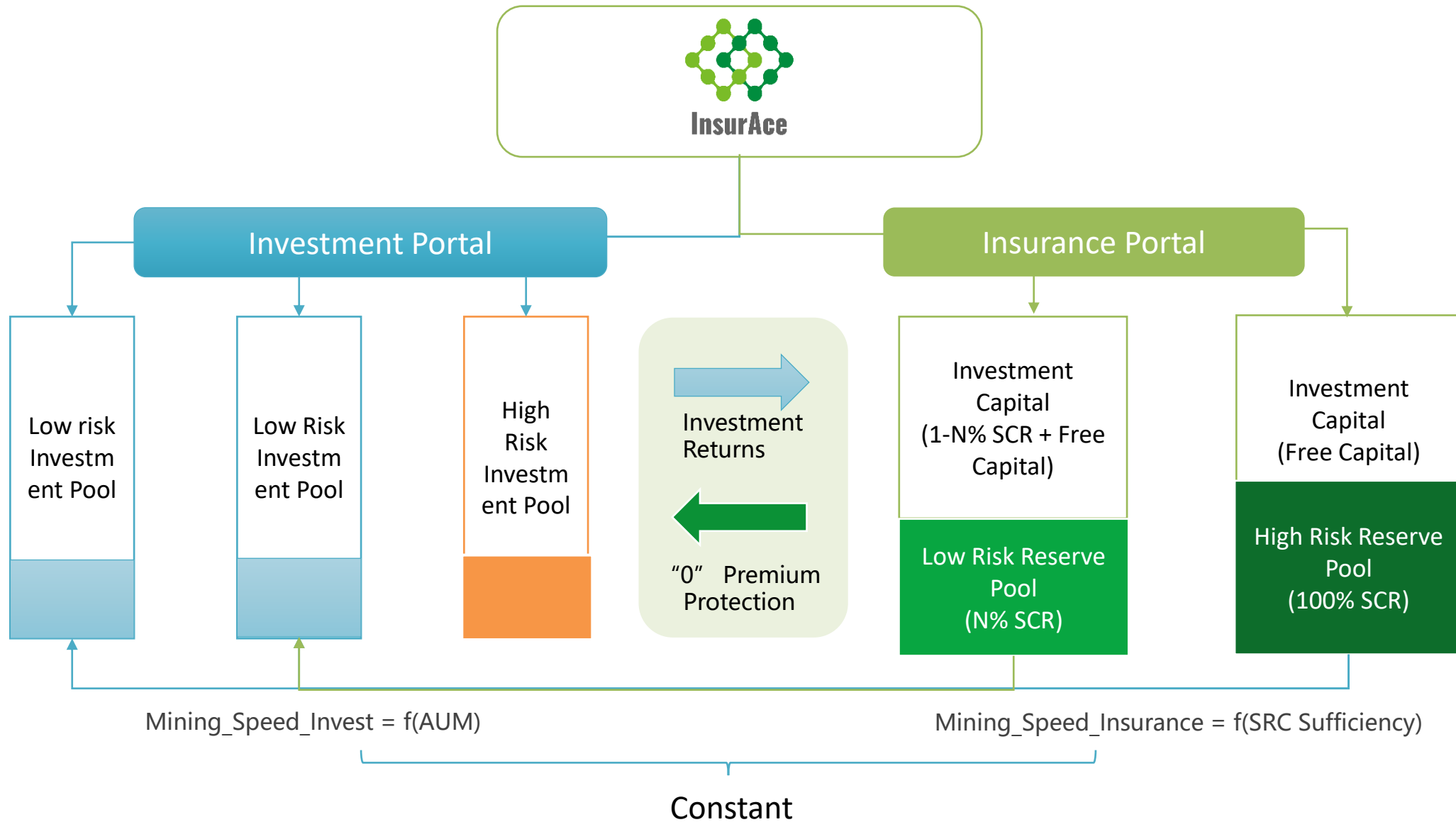
The insured, insurer and investors are able to participate in the SCR Mining program to earn the InsurAce Token (INSUR) by staking into the insurance and investment pool, which will drastically increase the capital pool, cover capacity, investable capital and further reduce the insurance premium.



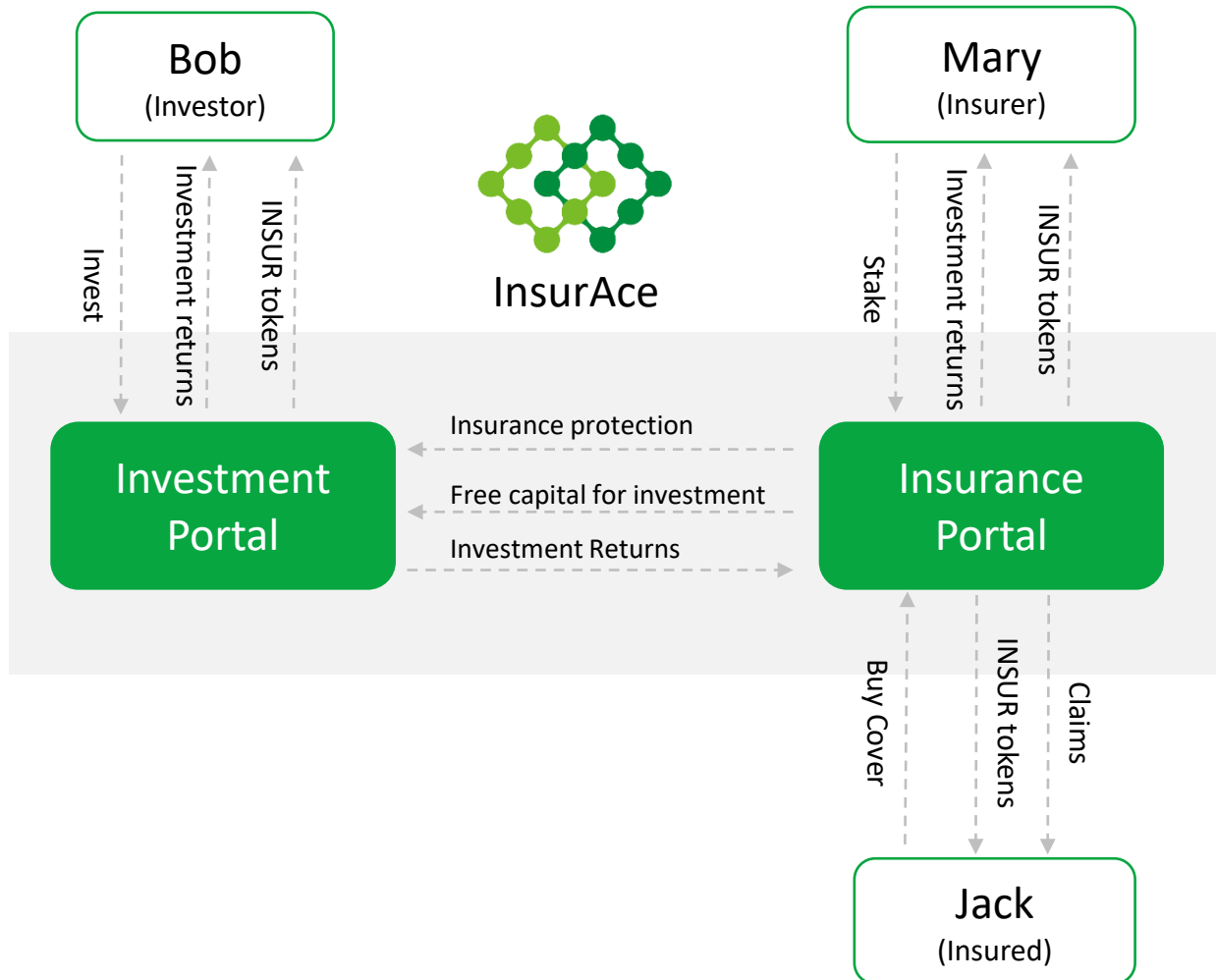
### **Sustainable Return**

Except SCR Mining rewards, investors will be able to gain sustainable returns from investment products (e.g. Yearn Finance) offered by InsurAce.

## 05 How InsurAce Works



## 06 Use Cases



### Use Case [1]: Investor

Bob invests asset through the investment portal; chooses investment portfolio with his risk appetite; gets “0” cost insurance; gains investment returns and INSUR token as incentives

### Use Case [2]: Insurer

Mary stakes assets into the mutual pool, gains INSUR token as incentives; staking return depending on SCR mining mechanism

### Use Case [3]: Insured

Jack buys covers for his investment portfolio through insurance portal, get INSUR tokens as incentives, and request for claims when policy is triggered

### Interaction between investment and insurance portal:

1. The insurance arm provides coverages to the investment arm;
2. The free capital in the insurance pool will be used for investment managed by the investment arm;
3. The investment yield will be returned to the insurance pool to buy back INSUR tokens, community incentives and other ecosystem development.

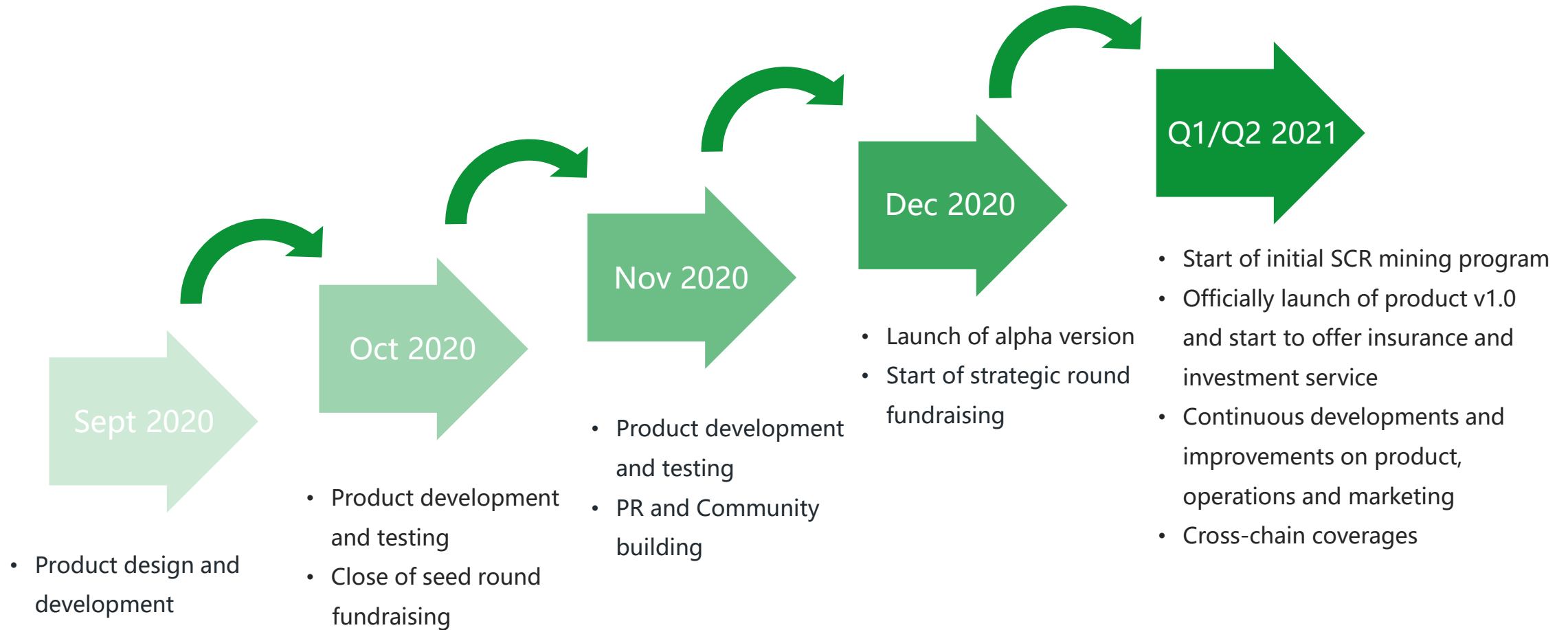
## 07 Complementary to existing DeFi insurance



Features	InsurAce	Nexus Mutual	ylInsurance
Premium	"0" Premium	High	High
Product	Portfolio based Protection + Investment Insurance	Single Protocol Protection	Single Protocol Protection
Pricing Model	Portfolio based Model	Mutual Insurance Model	Mutual Insurance Model
Participant Rewards	High	Low	Low
SCR Assurance	Yes	No, MCR only	No , MCR only
Risk Evaluation	Yes	No	No
Membership	Wallet-based	KYC under UK regulation	Wallet-based
Cross-chain	Yes	No	No



## 08 Roadmap and Timeline



## 09 Meet Our Core Team



Oliver Xie  
Project Lead

- Former CTO at Asia Pacific Exchange (APEX) and Head of Digital Asset, founding member of APEX
- Specialized in financial market business and technologies, digital assets and FinTech. Extensive experience

Sum Wei  
Tech Lead

- IBM Blockchain Research senior research engineer and lead security architect
- Specialized in enterprise security and blockchain technology
- 10+yrs with Microsoft and IBM

Leo Sun  
FIA  
Product Lead

- Chief Actuary at tier-1 insurance and reinsurance companies. (Aviva, Cigna, KPMG)
- 17+ years experience specialized in insurance product design, pricing, capital management and InsurTech

Mason Song  
Ph.D.  
Advisor

- Head of Global Advanced Analytics and Blockchain at Citi Bank
- Former McKinsey partner and IBM researcher in data systems

Kenneth Oh  
Advisor

- Senior Partner of Singapore office of global law firm Dentons.
- Ranked Band 1 for Fintech Legal by legal directory Chambers & Partners;
- Over 20 years legal practice experience, including extensive advisor experience in DLT initiatives including token offerings, equity investment, blockchain, digital asset exchanges & OTCs and digital asset funds.

## 10 Token Economics and Distribution



Total supply of InsurAce Token (INSUR) is 100,000,000.

Token Distribution	Token%	Token Amt.	Token Price	Vesting
Seed Round	10.75%	10,750,000	0.10USD	15% unlock upon token generation event (TGE), linear vesting / block over 2 years for the rest starting from the 3 <sup>rd</sup> month after TGE.
Strategic Round	9.25%	9,250,000	[To be finalized]	[To be finalized]
Team & Advisors	15%	15,000,000		5% unlock upon TGE, linear vesting / block over 2 years for the rest starting from the 3 <sup>rd</sup> month after TGE.
DAO Reserves	15%	15,000,000		Reserved for liquidity provision on exchange listing, strategic partnership, marketing and long-term development of the platform.
SCR Mining Reserves	50%	50,000,000		In accordance with the SCR mining schedule.

## 11 Seed Round Investors

“We are excited to lead InsurAce’s seed round and support them in building an innovative decentralized insurance protocol to complement the exponential growth of DeFi space now. InsurAce has one of the strongest team we have seen in DeFi Insurance space consist of blockchain and financial industry veterans, we are proud to work closely with them to expand insurance coverage to the crypto community.”

**- Arthur Cheong, Founder at DeFiance Capital.**

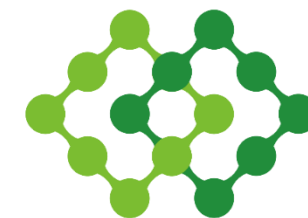
"Insurance is a critical component for the growth of any industry. For DeFi to reach mainstream adoption, we need a robust insurance market with multiple providers. As active users of DeFi protocols, we're keen on supporting InsurAce develop user-centric solutions will allow users to capture the benefits of DeFi while minimizing the risks,"

**- Santiago Roel Santos, Partner at ParaFi Capital.**



## Strong Investor Support





**InsurAce**

# THANK YOU

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InsurAce Team 2020

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### **For Users**

- They can choose to buy a cover to include one or multiple protocols as a portfolio.
- InsurAce will be able to automatically detect the user asset path and recommend a product to cover all related protocols as a portfolio.
- They can also add more protocols into their existing portfolios.

### **For InsurAce Protocol**

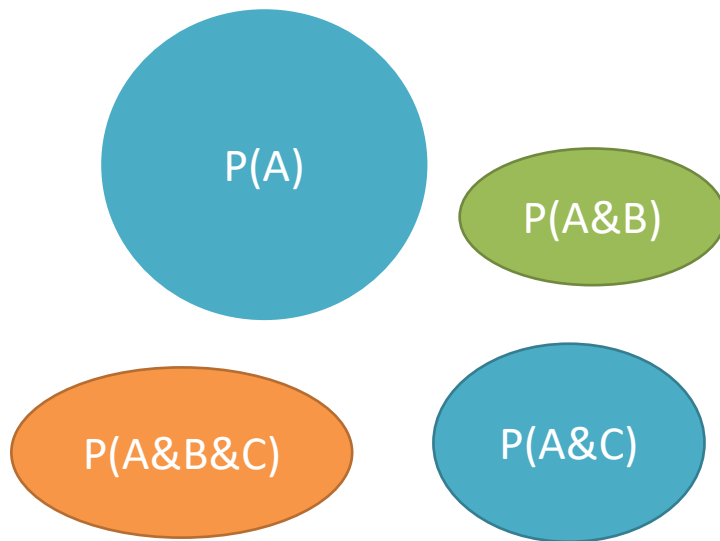
- The capital pools are aggregated and shared for pricing and capital management, providing larger capital pool for each individual protocol than independent pools alone.
- The pricing model are constructed on a portfolio basis (single protocol is regarded as a portfolio too). Insurance pricing is largely dependent on two factors: the risk calibration of events, and the capital pool size.

## Appendix Portfolio-based Pricing Mechanism Explanation

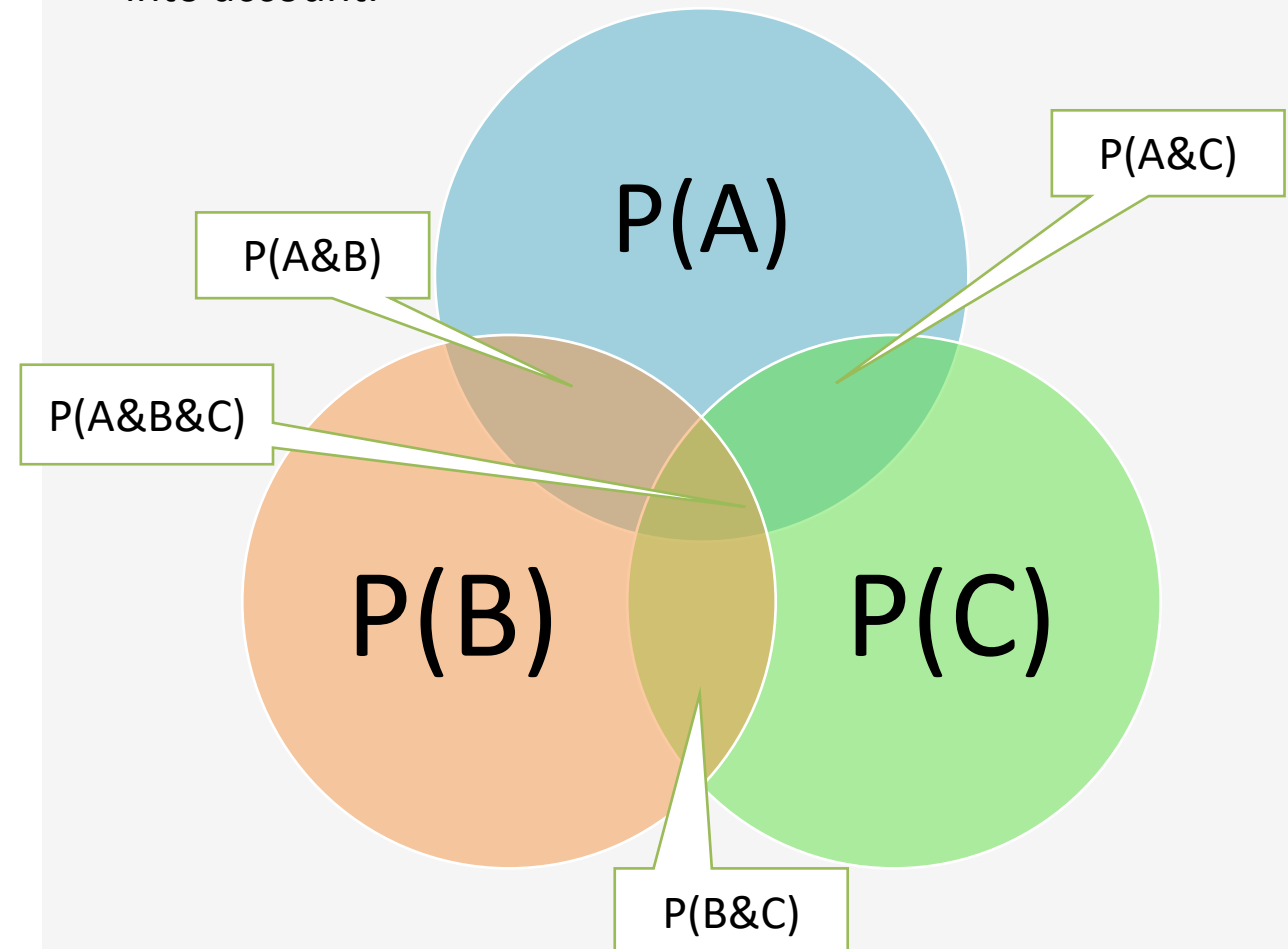


Assume there are 3 protocols (A, B, C) listed on an insurance platform.

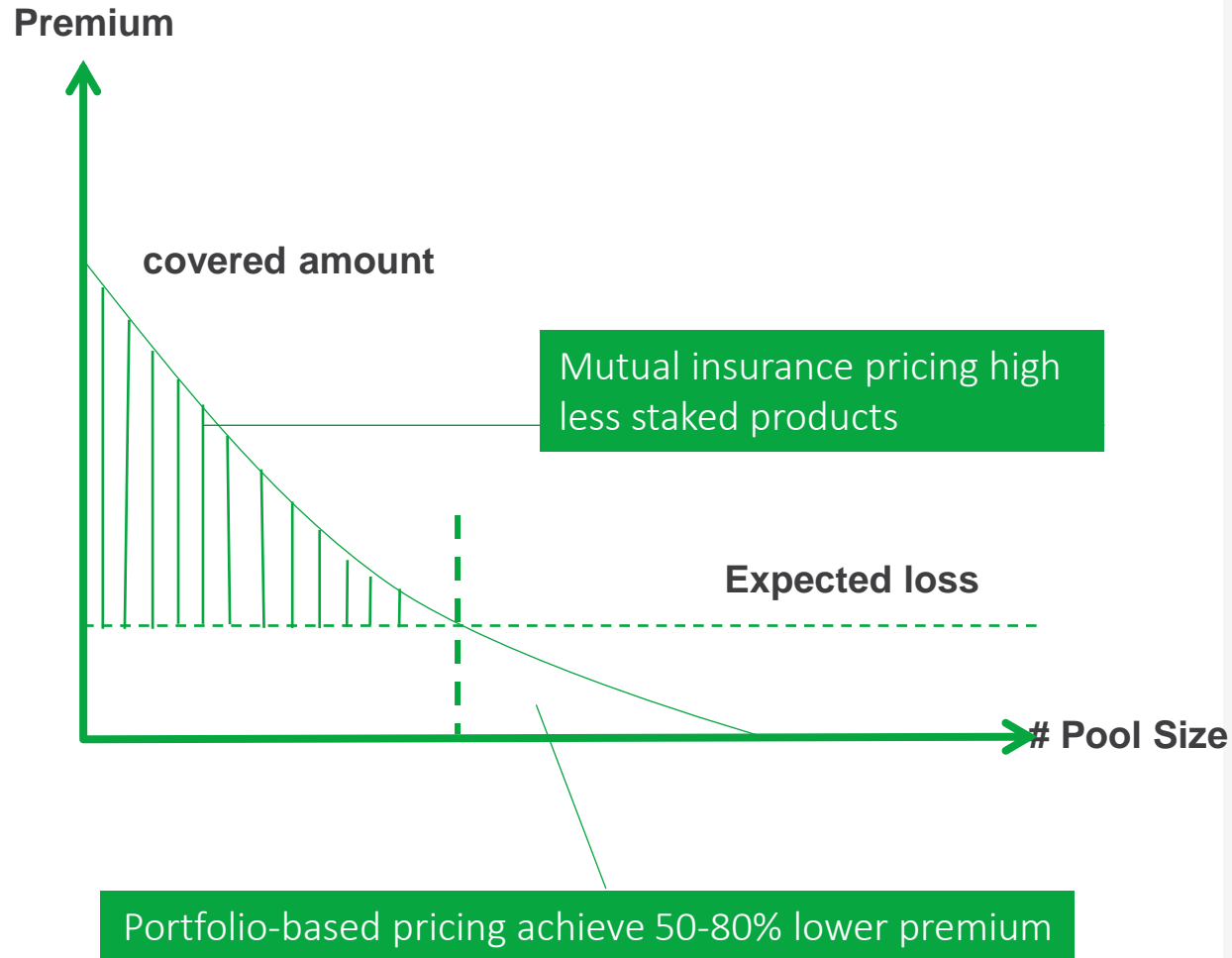
Single protocol pricing will need to consider the joint risk of other protocols as well.



When A, B, C are constructed as a portfolio, the duplicated risk will be calculated only once, thus reducing the overall premium than buying 3 protocols individually. It can be further reduced when taking correlation of the protocols into account.



# Appendix Portfolio-based Pricing Mechanism Explanation



Premium vs Pool Size

Portfolio-based pricing is established on Loss estimation:

$$Expected\ Loss = Mean\ (C(F_x(x); F_y(y)))$$

Risk Evaluation:

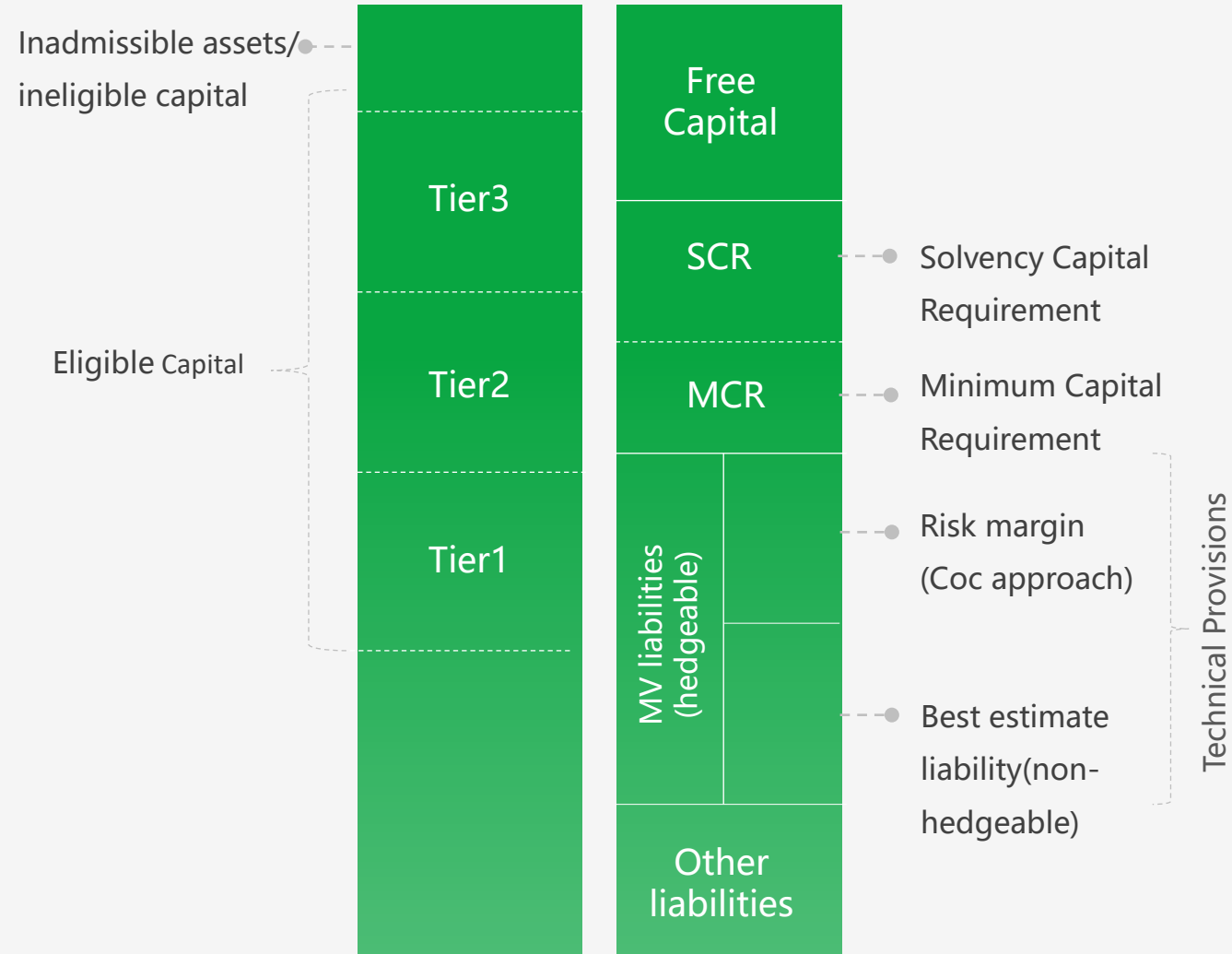
- Pre risk scan from community expert
- Proprietary risk model
- Calibration from historical data

\*For more details, please refer to technical whitepaper



# Appendix SCR Explained

1. The capital model adopted by InsurAce is referred to the EIOPA's Solvency II, which is the prudential regime for insurance and reinsurance undertakings in the EU.
2. The SCR is the capital required to ensure that the insurance company will be able to meet its obligations over the next 12 months with a probability of at least 99.5%.
3. MCR represents the threshold to correspond to an 85% probability of adequacy over a 12 months and is bounded between 25% and 45% of the SCR.





Some of the processes will also be refined to better cater customer needs, such as:

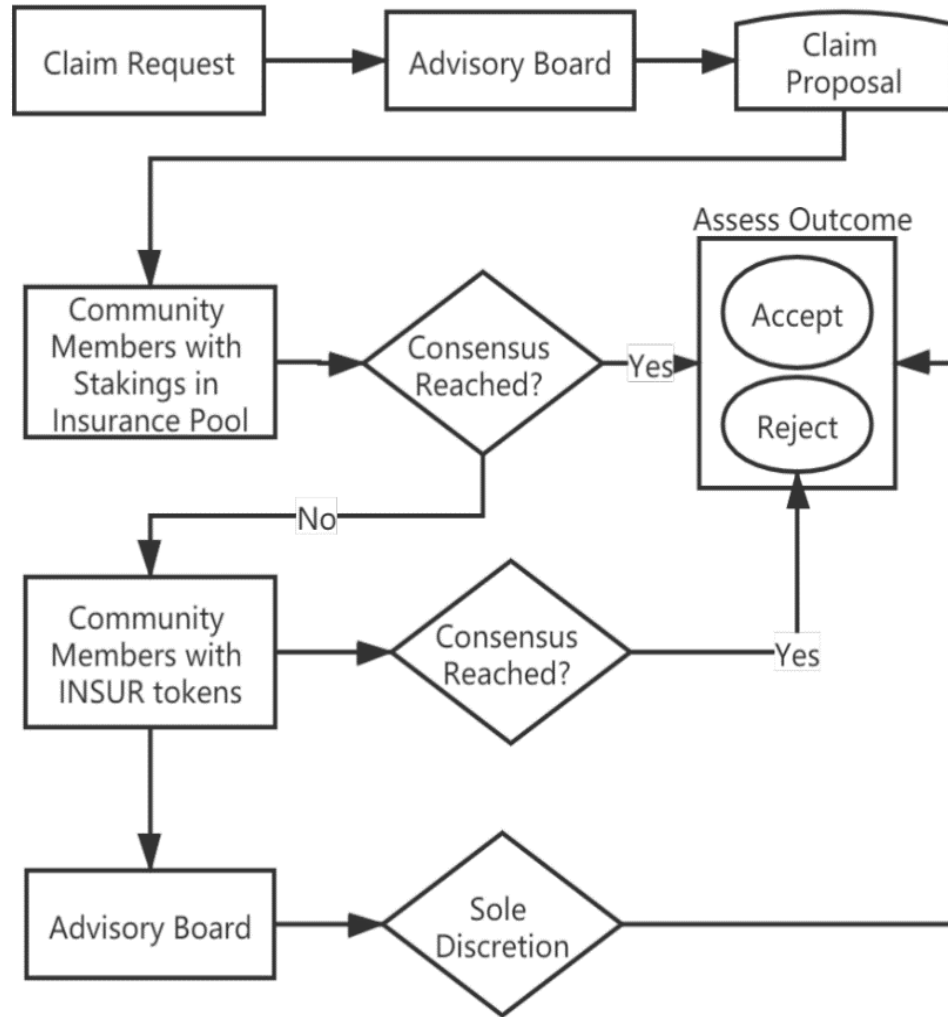
- Handle claim assessment quantitatively instead of simple Accept or Reject;
- Provide extension, incremental or transfer capabilities to existing covers;
- Collaborate with other DeFi protocols to form an ecosystem to provide cross insurance, insurance syndication and etc. to benefit InsurAce customers;
- Insurance coverage marketplace.
- Expand coverage to more specific risk types such as oracle malfunction, asset volatility, flight delay, disaster and etc.



The INSUR tokens can be used in below scenarios:

- Mining incentives for capital provisions to the insurance pool and investment products;
- Representation of voting rights in community governance scenarios such claim assessment, proposal voting and etc.;
- Eligible for fees generated by InsurAce protocol through governance participation;
- Community incentives.

# Appendix Claim Assessment



## Process Design

- Applicants raise the claim requests;
- Professional investigation and assessment by Advisory Board as reference to community;
- Community voting with waterfall design;
- Quantified claim assessment.