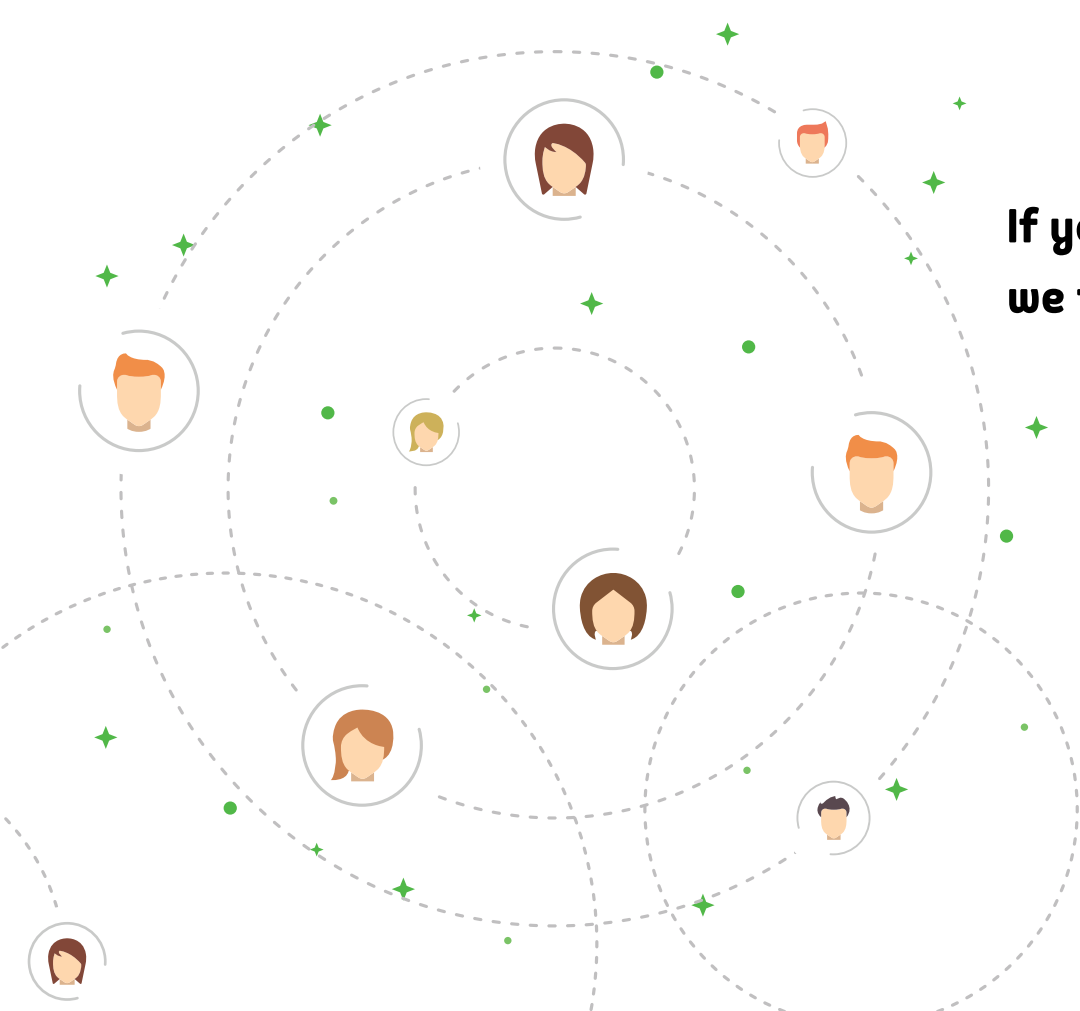# insurepal

## Distributed social proof insurance

Insurance of blockchain business transactions, vehicles, property, life and health with endorsements from your trusted social network.

**Be aware that ICOs are extremely risky and highly speculative investments. Never invest money that you can't afford to lose. Make sure you read and understand the Whitepaper and Terms & Conditions.**

**InsurePal itself is not a licensed insurance provider. Any insurance activity will be done in cooperation with the licensed insurer on local markets. The company is building a global blockchain-based platform, enabling social proofing to be conducted in numerous ways across different industries.**

**If your friends trust you, we trust you.**

# TO OUR FELLOW SUPPORTERS

We strongly believe that decentralized trust will unlock a decentralized future. We are entering the next phase of the internet with many blockchains reshaping traditional economic models to become largely self-regulating. Thus, the need for a centralized institution is becoming redundant. In this aspect, InsurePal challenges the insurance industry of today with a decentralized, self-regulating social proof insurance platform with perhaps the most innovative model of risk selection.

Today, every segment of insurance is ultra-competitive with entrepreneurs exploring new ways to price risk, creating new types of premiums and servicing consumers in a tightly regulated and challenging economy. Competitive advantage revolves around the ability to adapt in an ever-changing environment and demanding customer expectations. With more than 15 years of experience in insurance, we have had the opportunity to witness, explore and thoroughly question the current business model. We have learned by doing. Realising that regardless of restrictions and rigorous supervision, insurance fails to provide a transparent and fair pricing model with good risks subsidizing poor risks.

Over the last two years, our team has tested and refined the opportunity behind the InsurePal platform by taking into account both, our own experience from processing huge amount of policies and claims and the advice from underwriting specialists. The thing that makes InsurePal fundamentally different is the complete switch in paradigm. Rather than insurance companies accommodating irresponsible clients and having expensive administration, we are growing a community of more responsible and diligent individuals who share a common value of reciprocity. Our agile, self-regulating insurance platform will help them connect and conclude mutual insurance, consequently making sure they stop paying for irresponsible individuals.

InsurePal is motivated by a psychological phenomenon known as "social proof" which is a natural, in-built mechanism within all of us, representing people's moral compass. The process will leave little or no room for fraud and recklessness as InsurePal is set to reward, motivate and grow behavioral patterns that not only benefit oneself, but stimulate groups and society as a whole. We think of blockchain as an ideal architecture for our innovation. Its implementation has a long-term horizon to fundamentally simplify the business processes as we know today and build a highly customer-centric product that is designed for the benefit of each individual and not for the profits of the insurance companies. Blockchain technology makes it possible to get rid of all redundant articles in a transparent way and support a growth of peer-to-peer self-regulating community, thus committing InsurePal to delivering the cheapest affordable insurance to responsible and diligent individuals.

In addition to innovations in the already known segments of insurance (motor, life & health, property), InsurePal also intervenes in the completely new area, namely, securing blockchain business transactions. By ensuring the financial compensation of an unrealized deal to the injured party we will establish the trust among all the stakeholders and greatly accelerate the quality and quantity of all future blockchain business transactions. Considering all of this, we believe now is the best time for a new insurance player to further investigate blockchain and offer a revolutionizing solution on InsurePal platform that will fully harness the innovative power of blockchain technology. InsurePal is nearing our ambitious goal and coming to life. By introducing the first social proof insurance on blockchain we are ready to disrupt the insurance market worth $7 trillion globally. We invite you to join us in a venture in what is to become a new insurance model of the next generation.

Sincerely,

Matt Peterman                    Tom Volk

# Opportunity

InsurePal is a self-regulating, social proof insurance platform based on social proofing and decentralization. To protect the intellectual property behind InsurePal, a worldwide patent has been filed, giving then InsurePal platform a unique opportunity to become "the go to" platform for insurance based on social-proof.

> "A patented solution gives InsurePal an unique competitive advantage. All the third-parties that would want to adopt the social proof methodology will be obliged to use InsurePal platform solution, as any other form of use can be considered an infringement."
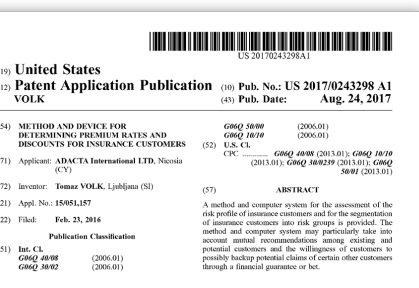
The introduction of social proof as a self-regulating psychological phenomenon allows InsurePal to nurture a scheme of lower-risk individuals, consequently decreasing their premiums by up to 50%, whilst fully harnessing the power of blockchain technology. Having the ability to offer an attractive end-to-end product for an incomparably lower price is our guarantee for success, as well as a proven solution that will attract only the diligent and responsible into our business model.

Every day, the blockchain wave is gathering strength. With more and more concrete initiatives, either alone or in association with their peers, business partners, clients or suppliers, it gives foundations to a birth of a booming new economy in the years to come. The new golden era will begin as soon as the trust between parties doing business on blockchain is established on an adequate level.

InsurePal model improves the segmentation and risk selection process; a decades-lasting issue for insurance companies and insurance clients alike and most importantly, enhances the trust that flows horizontally among peers, friends, colleagues and business partners. The most suitable expression for InsurePal using insurance terminology would be "a third-party deductible". It is proven that a classic deductible reduces insurance claims frequency due to the clients' imposed self-evaluation. From this fact InsurePal proceeded when re-inventing an InsurePal third-party deductible into a third-party evaluation with introducing social proof. By doing so, InsurePal managed to objectivize the evaluation process itself.

> "InsurePal will replace the insurers' model as we know it today, and at the same time offer a completely new type of coverage for areas of life and business that began to emerge with the evolution of blockchain and the transactions being carried out on the distributed ledger "

To customers, the key motivator to use InsurePal is a significant cost reduction. Namely, the core mechanism behind the platform enables InsurePal clients to endorse each other in order to obtain a discount on their insurance premium. The endorsement has to be backed by a financial guarantee from the endorser which is only taken in case the insurer files an at fault claim. The InsurePal platform enables the social proof of an individual to be locked into the blockchain in order to secure higher transparency without aggressively invading privacy. Due to this innovative approach, InsurePal will expand peer-to-peer risk managed operations and become the customer's first choice, consequently making it available in a wide range of different types of insurance products.

Moreover, with a module for blockchain-made agreements, InsurePal will assure a final compensation to the insured client in case the other party breaches the mutually set arrangement, namely when the agreed service is not performed within the set deadline, quality and other conditions stated in the smart contract. It too will use the basic principle of social proof, meaning that the compensation will partly be covered by the insurance company and partly by the endorsers, putting social pressure on all the signing parties and quickly eliminating those that violate the terms. The embedded seriousness of such an agreement will guarantee the transactions between the parties are being carried out with the utmost responsibility. Significantly better segmentation and incentives to change behavior guarantee a marked reduction in insurance premiums, leading to the insurance to become widely acceptable for the majority of blockchain business transactions.

The growing value of InsurePal social proof insurance will reflect in the increasing market value of InsurePal (hereinafter IPL) tokens. The adaptation of InsurePal policies will trigger a wider circulation and utilisation of the IPL token, with the aim to become the prevailing currency of global social proof insurance economy. It is our belief that other segments of the fiat economy, closely linked to the insurance industry, will consequently start accepting IPL tokens as a currency, serving as an additional boost of an IPL utility token economy.

The total amount of issued IPL tokens will be limited and fixed, with a security mechanism of token split and/or token denomination added to efficiently support expected price growth in the future. We are cognizant that the adoption of the tokens by the mass markets is an evolutionary process, therefore InsurePal will gradually progress to a fully tokenized operation. It is our goal that the IPL utility token becomes the currency of the InsurePal community that will operate as an alternative economy based on a patented social-proof business model. As such, it will noticeably disrupt the $7 trillion worldwide insurance industry of today and significantly improve the blockchain business transactions of tomorrow.

For that, we invite you to get fully acquainted with social proof as the core mechanism behind our business model and learn more about the InsurePal token utilization. We are firmly convinced of the scalability and potential for it to become a first-of-a-kind social proof insurance platform with a global ambition.

## MISSION STATEMENT

InsurePal itself is not a licensed insurance provider. Any insurance activity will be done in cooperation with the licensed insurer on local markets. The company is building a global blockchain-based platform, enabling social proofing to be conducted in numerous ways across different industries.
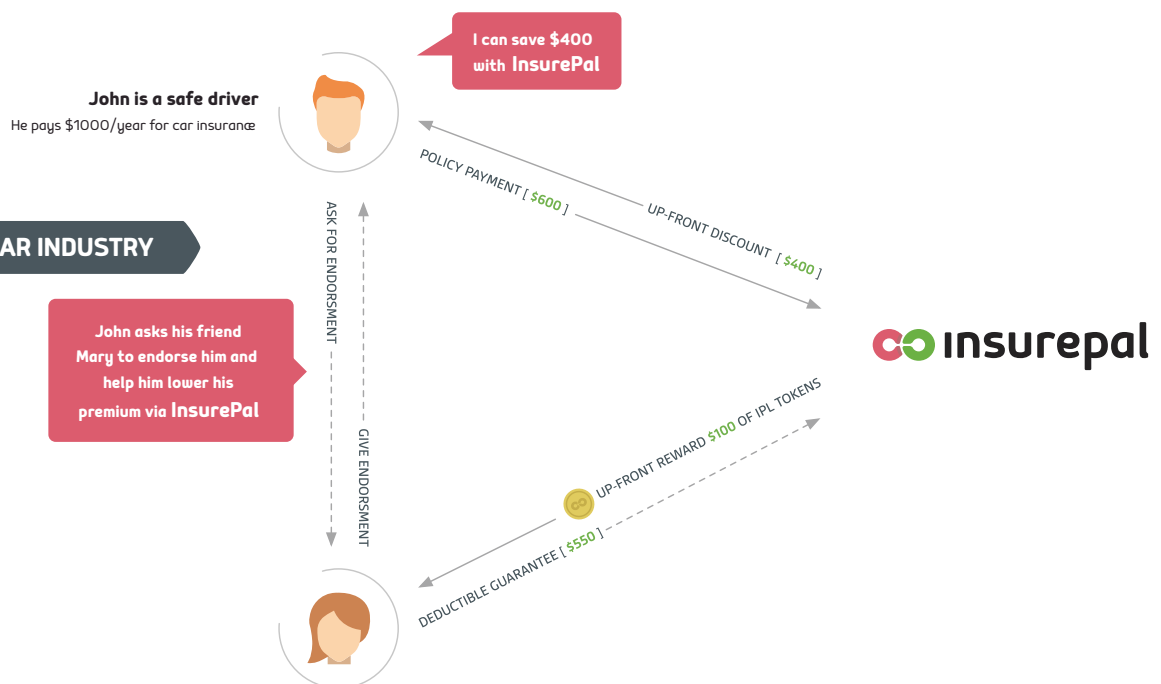
InsurePal aims to become a first-of-a-kind blockchain-based decentralised insurance platform powered by social proof guarantee. We're dedicated to build a modern insurance product that reflects the historical roots of insurance, where a smaller group of acquaintances agreed on a mutual method of sharing the burden of risk based on trust. We wish to return insurance back to its core value of trust and consequently expand the mindset of mutual reciprocity. As InsurePal model is self-regulating and therefore ideal for blockchain implementation, we're decided to not only address the insurance challenges of today, but encroach upon those niche segments which don't yet exist but will be crucial in the years to come. Doing so, we tend to deepen the community's confidence in blockchain transactions and operations, and thus strengthening the growth and expansion of an emerging distributed economy.

## VISION

Our vision is to craft an insurance premium based on one's social endorsements by rewarding diligence. We're growing a community that shares the common value of reciprocity and thus creating a shift, not just in insurance industry, but also in a broader society. InsurePal can and will self-regulate without the need of an industry-funded regulatory body, continuously allowing us to create attractive end-to-end insurance solutions, addressing both, the challenges of today and those of tomorrow.

## USER CASE 1

### INSUREPAL FOR MOTOR CAR INDUSTRY

**John is a safe driver**
He pays $1000/year for car insurance

**I can save $400 with InsurePal**

**John asks his friend Mary to endorse him and help him lower his premium via InsurePal**

ASK FOR ENDORSMENT

GIVE ENDORSMENT

POLICY PAYMENT [ $600 ]

UP-FRONT DISCOUNT [ $400 ]

insurepal

UP-FRONT REWARD $100 OF IPL TOKENS

DEDUCTIBLE GUARANTEE [ $550 ]

John is a responsible, diligent driver who hasn't had an accident in years. But, the price of John`s insurance is $1000 per year. He feels bad for overpaying for his mandatory car insurance. He finds out about InsurePal insurance, which offers him an upfront saving of $400 on his car insurance. Everything he needs to do is to find an endorser who will guarantee for his good driving record. He immediately thinks of his friend Mary and sends her an invite, whilst also explaining her the idea behind the new insurance. Mary guarantees for John with a credit card and immediately receives an upfront reward $100 worth of IPL tokens. This token transaction also contains the social proof information. When Mary enters her credit card data, she exposes herself to a potential payment of $550 ($400 of John's savings, $100 of her cash-back bonus and $50 of penalties). It is important to note that Mary's credit card will only be charged in case John files an at fault claim within the next year. In other words, if there is no claim, John paid only $600 for his insurance and Mary got $100 of IPL tokens, which she can sell on an exchange and spend or keep as an investment. John can find more endorser to further reduce his insurance price and at the same time promote InsurePal, helping the product to grow virally. And because John understands the benefits of InsurePal, he will also be willing to endorse Mary who is safe driver as well, when her car insurance policy will be due.

## INSUREPAL FOR BLOCKCHAIN BUSINESS TRANSACTIONS

Andrew and Susan want to make a business transaction, but don't completely trust each other.

They sign a smart contract defining breaching penalty, arbitrage body and arrangement's due date and insure their business transaction with InsurePal.

**co insurepal**

### ARBITRAGE

If their business arrangement doesn't happen in due time and leads to a more challenging dispute, they begin with an arbitrage.

The arbitrage determines who breached the contract and sets the amount of penalties for InsurePal to cover.

The compensation is paid even if Susan's or Andrew's identity remains anonymous or is false.

Andrew and Susan share the same interests, but live on the other side of the world. They want to make a business transaction to exchange goods, but don't know and trust each other well enough. InsurePal blockchain business transactions module allows them to craft an upfront agreement in which they specify important terms and conditions of their transaction. They both have to agree upon a maximum penalty for contract breaching and define a due date after which the appeal between the parties is no longer possible. In case of dispute, the parties first try to settle it among themselves and if that is not possible, opt for an arbitrage. Even more, every time a transaction is completed, each of their endorsers` (eg. each note) is rated. Based on their (un)trusted behaviour, Social Proof Trustscore is calculated and presented to other participating endorsers, serving as an important factor of trust for all of one's upcoming block-chain-made arrangements. By enhancing trust and ensuring the financial compensation for breached contracts InsurePal greatly supports the execution of blind business transactions on blockchain. On one hand, the model keeps insurance premiums as low as not to cause any friction. On the other, the insurance enhances the execution of all those transactions that would otherwise need to go through the complex process of identity verification in order to establish a level of trust.

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Recursive/Transitive Deductible

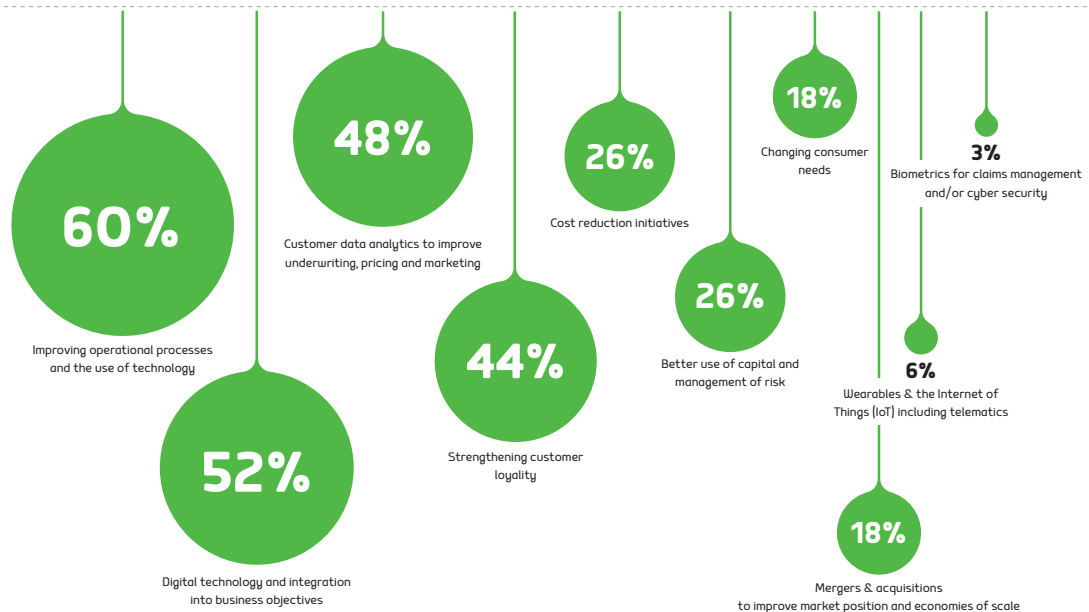**co insurepal**

PREMIUM
$99,00

COVERAGE
$10.000,00
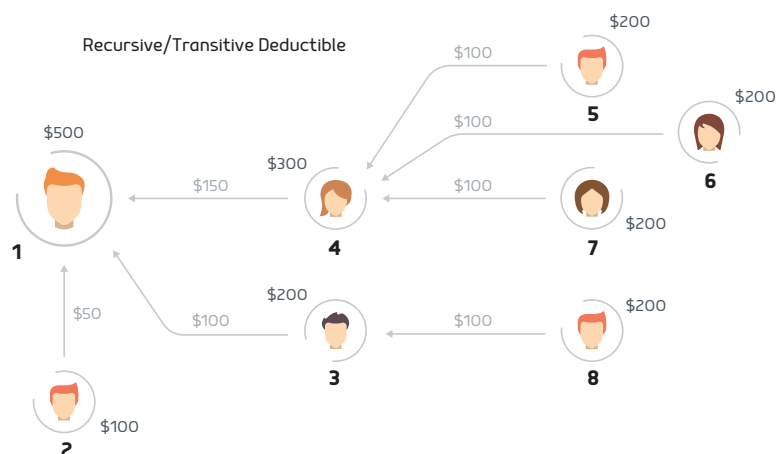
In the case above, InsurePal provides insurance coverage to Andrew making business transaction with Susan. If their contract is breached, InsurePal pays the penalty to John partly from InsurePal insurance pool and partly by collecting deductibles from his endorsers. Due to their direct engagement with Andrew, his friends Emma, Ann and Frank (nodes 1, 2, 3 and 4 respectively) pay more, whereas the others (nodes from 5 to 8 and up) pay less, accordingly. The data of their transactions is also collected in order to calculate Social Proof Trustscore of each (directly and indirectly) participating endorser. Their exposure and the collection of the deductibles is governed by the InsurePal algorithm. The process can be compared to the co-signing loans with one major difference: InsurePal model allows that all the endorsers (co-signers) receive a financial incentive. It is expected that due to their mutual social pressure the InsurePal community in whole will behave more diligently, and hence the insurance premiums will be low enough to not cause any friction on the executing transactions. Our model is applicable anywhere in the world due the imposed element of trust among the insurers and the endorsers. As such, it can easily penetrate into the countries where insurance is extremely costly or into those where it doesn't exist at all, with the assumption that diligent subgroups may appear anywhere.

### ORGANIZATIONS' BIGGEST OPPORTUNITIES IN THE NEXT 2 YEARS

**60%**
Improving operational processes and the use of technology

**48%**
Customer data analytics to improve underwriting, pricing and marketing

**26%**
Cost reduction initiatives

**18%**
Changing consumer needs

**3%**
Biometrics for claims management and/or cyber security

**52%**
Digital technology and integration into business objectives

**44%**
Strengthening customer loyalty

**26%**
Better use of capital and management of risk

**6%**
Wearables & the Internet of Things (IoT) including telematics

**18%**
Mergers & acquisitions to improve market position and economies of scale

Source: A new world of opportunity

Poor risk management

Bad market segmentation

Invasion of privacy

Complex regulation

Expensive tracking methods

Extensive gross costs of corporate structure

Fraud detection & premium leakage

Process and system innovations

The key struggle for insurance today remains segmentation and the question on how to effectively distinguish clients to properly evaluate risk and prevent frauds and misstated data. From the most sophisticated methods for tracking behavior to funding and installing expensive wearable devices, many insurance offerings try to become more present in their customers' live, however their struggle to raise the profitability centres on younger drivers. Methods to further improve segmentation are often expensive, invasive and in the end the risk evaluation precision is poor.

Due to this poor segmentation, responsible and diligent insurance clients have an unsatisfactory feeling that they are overpaying on account of those who behave irresponsibly. This is even more true for mandatory insurance lines, where the perception of responsible and diligent insurance client is that they are forced to keep paying for others while getting nothing in return except legal compliance.

Moreover, we have moved into a fully digitalized era, which is extremely innovative and promotes new forms and ways of doing business, no matter the scale. As exceptionally large institutions, insurance companies are engaged in their stiff bureaucracy and often stay reluctant to the emerging needs of specific niche segments in a timely manner as they are overly risky for their existing structure.

"Insurance is a $7.3 trillion stubbornly old-fashioned goliath that could significantly reduce the premium prices if its scheme would allow it to operate with lower-risk clients."

## SUPPLY SIDE: INSURANCES

Insurance is a service to manage risk, representing a fundamental block of society. By its nature, it is risk averse but at the same time, it represents a complex labor-based business model with a workforce increasing gross expenses. The traditional sector is run by large networks with thousands of employees and the vast cost of daily operations and binding contracts preventing them from agility. However, many of their activities are repetitive or redundant without creating value and could easily be replaced by automated data-driven software and further by self-regulating peer-to-peer insurance models.

Insurance companies should be more concerned with timely anticipating solutions to the challenges brought about by the new digital era, greatly marked by blockchain innovation. In this respect, a key factor is the element of trust, since it can preserve credibility and greatly enhance blockchain-based operations.

Continuing the theme, as insurers play a vital role in society and their proper function is imperative, they are faced with strict capital regulations that demand having more capital in reserve than would be needed should a catastrophic event take place. Out of concern of navigating these complex requirements the traditional insurers lack the agility to embrace disruptive technologies and out-of-the-box approaches.

Many foreign markets that might provide strong growth potential can also be hard for newcomers to break into due to various restrictions including foreign ownership and licenses. Insurance companies inability to establish a personal and periodical relationship with the customers leaves an open door for competition and continues to reinforce their negative perception.

## DEMAND SIDE: CLIENTS

There has not yet been a clear shift in mindset for insurance providers who still fail to recognize they need to be customer-centric and that the customers today don`t come for a specific product but for a solution to a specific risk they face. Not everyone who seeks coverage against a particular loss faces the same probability of also suffering it. Usually insures try to evaluate both, the risk and probable magnitude in order to determine the appropriate premium level. The premium is then additionally increased with cover transaction costs, commissions and profit.
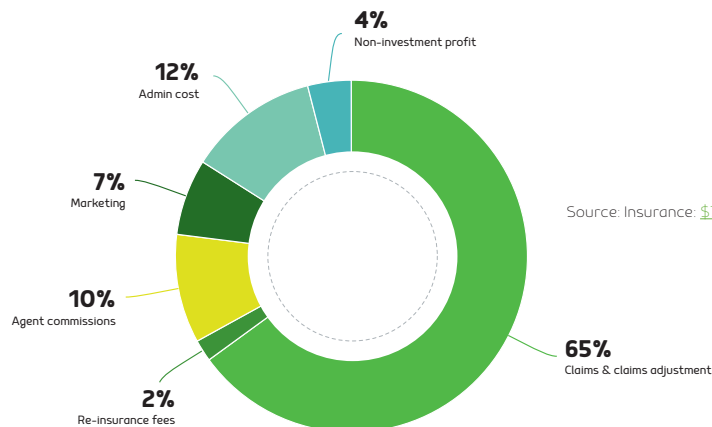
The insurance costs are determined through classification models that segment people into groups sharing similar data, such as age, sex, marital status, residence, driving record etc. For each of these segments, a "one size fit all" model for all members is calculated, with no or little further differentiation. Clients experience this in tendency to year-to-year growth of their insurance policies price, no matter the size of their past claims and history of lower-risk behavior.

"Insuring blockchain business transactions with InsurePal represents a tremendously big future market and a huge opportunity for expansion."

## OVERVIEW

According to Forbes, the insurance sector is a $7.3 trillion business worldwide industry that has somehow managed to remain largely untouched by technological change. A close look to traditional insurance (e.g. motor line of business) company P&L tells that for every premium dollar paid to the insurer, $0,65 comes back to policyholders in form of exaggerated claims and misstated data, whereas the other goes to operational costs, commissions and marketing. In other words, the insurance could reduce the price of the policy if the scheme would allow it to operate with low-risk clients only.

**HOW PREMIUM DOLLARS ARE SPENT**



- 4% Non-investment profit
- 12% Admin cost
- 7% Marketing
- 10% Agent commissions
- 2% Re-insurance fees
- 65% Claims & claims adjustment

Source: Insurance: $7 Trillion Goliath. Forbes.

Consequently, new entrants, technologies and business models based on a shared economy are emerging at an increasingly rapid pace, leading to the projection of the decline in the global insurance industry. As a solution, a shift to responsibility and ownership is proposed to sustain the profitability and growth.

## COMPETITIVE LANDSCAPE

The biggest threats for the insurance industry come in the form of new entrants, introducing peer-to-peer business models and/or niche products based on innovative technology. Both of the approaches better-serve the increasingly digitized behaviors of modern consumers, generating more than 16 billion revenue in a few recent years.



Source: InsureTech

> "There are several factors influencing the decision on which insurance company one chooses. It is not just a competitive price, but also versatility of coverage options, customer service, the element of technology and reporting that add to the mix."

## PEER-TO-PEER (P2P)

The concept of peer-to-peer insurance (P2P) is based on the premise that the responsible and diligent people overpay their premiums at the expense of others, non-responsible, fraudulent. Peer-to-peer insurance uses crowdsourcing and social networking to create a shared insurance experience, getting together through social media, friends and family members. The insurers form groups to team up and share each other's risks with everyone contributing money to insure each other's losses. Usually at the end of the year, the individuals with no claims receive a cashback or reduced premiums for the next period.

For insurance the peer-to-peer concept brings lower customer acquisition costs as the groups are formed through social networking and crowdsourcing, meaning the role of the middlemen is not necessary. Even more, due the information exchange between members, the insurance can effectively assume responsibility for the peer-to-peer group's risk selection. By leveraging social media and other networking technologies the approach creates an insurance infrastructure at lower expense and builds an agile, customer-centric insurance. However, there is still a gap between the ideology of P2P insurance and its scaled execution, preventing the model to be adapted by a large majority.

> "P2P insurance is a risk sharing network where a group of like-minded individuals pool their premiums together to insure against a risk. The membership is selective, meaning the group's peer pressure reinforces responsibility and helps keeping losses down to minimum."

## INSURTECH

Insurtech, a portmanteau of "insurance" and "technology", are technology-led companies that enter the insurance sector, using technology innovations in order to optimize the traditional insurance model and create a more digitally savvy customer base. It explores the avenues that large insurance companies have less incentive to exploit, from customized policies to using new streams of data from internet-enabled devices to dynamically price premiums according to observed behavior. Interestingly, many insurtech companies do not own an insurance licence and rather address other components of the value chain.

New insurances that usually don't deal with the challenges of this highly regulated industry might face difficulties to handle underwriting and manage catastrophic risk. It is a slow and gradual process to penetrate the market and become accepted while also confronting different regulatory hurdles. A substantial knowledge of insurance industry, consumer marketing, social networks and social marketing is needed in order to take full advantage of the emerging technologies and at the same time creating a business model to fit the masses. While insurtech firms have not yet made a noticeable breakthrough in the sector, they are still growing fast and stand to win a noticeable market share in the years to come.

# OPPORTUNITY

As stated in the [PWC report](#), the most competitive insurance companies should explore the technological improvements to better their services. However, at this point, 57% of surveyed financial services industry personnel are unsure about or unlikely to respond to blockchain technology. They lack the agility and knowledge to use blockchain innovation to succeed in peer-to-peer and mutual markets. The concept of peer-to-peer insurance reestablishes the relationship of trust with grouping the individuals that together create a solidarity fund, whilst the blockchain distributed ledger reduces administration and claim processing costs.
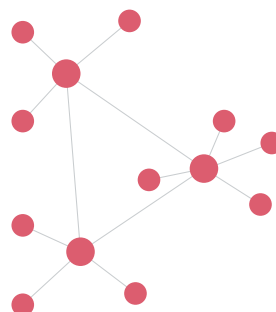
## Insurance

Individual risks are all transferred to a central Node creating low density & fragility



Centralized network

## Reinsurance

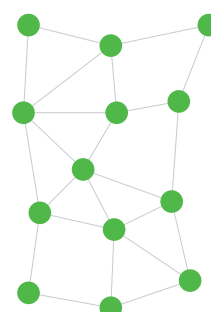Connects Insurance companies increasing density reducing the fragility of centralizing risk



Decentralized network

Source: BankNXT

## P2P

Further increases network density, enabling individual risks to spread laterally across peer connections



Distributed network

**co insurepal**

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### COMPETITIVE ANALYSIS

| | InsurePal | Friend-surance | Lemonade | MetroMile |
|---|---|---|---|---|
| **Time to savings** | Up front | End of year (maybe) | Up front | Save if drive less |
| **Savings amount** | User chooses, $500+ | Fixed/not user determined | -$100 | User chooses, $500+ |
| **Profitability** | Reduces claims frequency and cost, changes behaviour | Reduce claims cost up to a smaller extent | Does not reduce claims cost | Does not reduce claims cost |
| **Market** | UK, EU, USA, Asia, Worldwide | Germany, Australia | USA | USA |
| **Model** | MGA to acquisition, platform | Insurance broker | Insurance company | MGA to acquisition |
| **Message to consumer** | If your friends trust you, we trust you | | Feel good (some people) | Drive less |
| **Marketing expense** | Peer-to-peer viral marketing / less expensive Attracting clients with extreme discounts | Classical / expensive | Classical / expensive | Classical / expensive |

## TOTAL ADDRESSABLE MARKET

A lot of changes occur in a finance world of today and the young and tech savvy have proven to be the most interesting crowd when it comes to adopting them, reports The Merkle. They are aware the cryptocurrencies are quickly dethroning traditional investment, and are very eager to learn, test and experiment more. For that, they are most likely those that will succeed in fully-deploying the blockchain and accept cryptocurrencies and tokenization models as the next-generation valid payment methods, as the cryptographically bound peer-to-peer-networks are going to be the defining technologies of their lifetime, concludes Forbes. As a primary target, InsurePal therefore addresses millennials as young and tech savvy crypto enthusiasts, and expands the market potential of peer-to-peer model to virally reaching to their colleagues, parents and even grandparents.

TOTAL ADRESSABLE MARKET (TAM) IS $7 TRILLION

**1%
MARKET
SHARE**

**$70 billion**

Considering the fact that almost 80% of all internet users are also active on social media, and that there are millions of data points exchanged every minute, the potential to communicate digitally and achieve a viral effect with the end-customers is enormous. The understanding of target customers' demographics is therefore crucial for speaking their language and responding to their needs.

GLOBAL DIGITAL SNAPSHOT

| TOTAL POPULATION | INTERNET USERS | ACTIVE SOCIAL MEDIA USERS | UNIQUE MOBILE USERS | ACTIVE MOBILE SOCIAL USERS |
|---|---|---|---|---|
| **7.524** BILION | **3.819** BILION | **3.028** BILION | **5.052** BILION | **2.780** BILION |
| URBANISATION **54%** | PENETRATION **51%** | PENETRATION **40%** | PENETRATION **67%** | PENETRATION **37%** |

Source: Hootsuite Global Digital Statshot 2017 Q3

## TARGET CUSTOMERS: MILLENNIALS & TECH-SAVVY CRYPTO ENTHUSIASTS

The Millennials, also known as Generation Y or Net Generation, are those individuals who reached adulthood around the turn of the 21st century. They are the first to grow up in a completely digital world, meaning they formed their opinions during a time of rapid technological progress. With similar speed Millennials absorb information, connect with a brand and choose a product. According to The Guardian, besides flexibility, fairness and tolerance, they most desire for capitalism (which worked well for previous generations) to fulfil its promise to them.

Figure 1
**Global Millennials are located in the world's largest countries, with the greatest concentration in Asia**



25 million or more
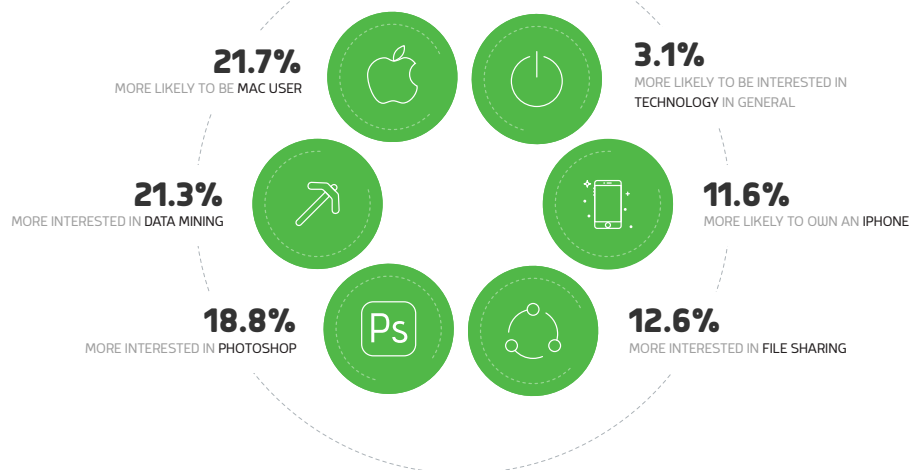10–24 million
5–9 million
1–4 million
Fewer than 1 million
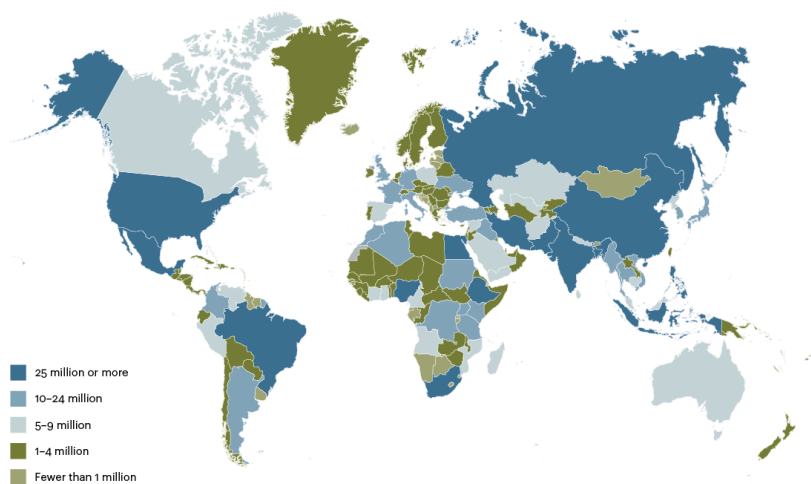
Sources: UN World Population Prospects 2015; A.T. Kearney analysis

They are also the most underinsured generation today, which makes sense as they have fewer assets compared to older generations. Due their age the insurance companies lack their historical data that serves as a proof of their low-risk behaviour. Consequently, the millennials are often obliged to pay tremendously high premiums in different lines of insurance.

According to a recent study by pewresearch.org, by 2030 the millennials will make up 75% of the workforce and will be the most powerful generation in shaping purchase decision. To successfully gear towards the digital natives who will soon represent the world`s biggest target market the marketing tactics and products need to address a different set of behaviours and experiences and offer a personalized, technology-friendly and customer-oriented experience.

To our target customers, the component of virality and power of social media play a crucial role in how they will learn and/or promote the product. As they are prone to adopting new solutions and are not as loyal to brands, they can easily change alliances. Hence, InsurePal fills the gap as a different insurance provider offering an engaging and interactive experience, following the latest trends in product differentiation and especially in adoption of the new, disruptive technology.

**21.7%**
MORE LIKELY TO BE MAC USER

**3.1%**
MORE LIKELY TO BE INTERESTED IN TECHNOLOGY IN GENERAL

**21.3%**
MORE INTERESTED IN DATA MINING

**11.6%**
MORE LIKELY TO OWN AN IPHONE

**18.8%**
MORE INTERESTED IN PHOTOSHOP

**12.6%**
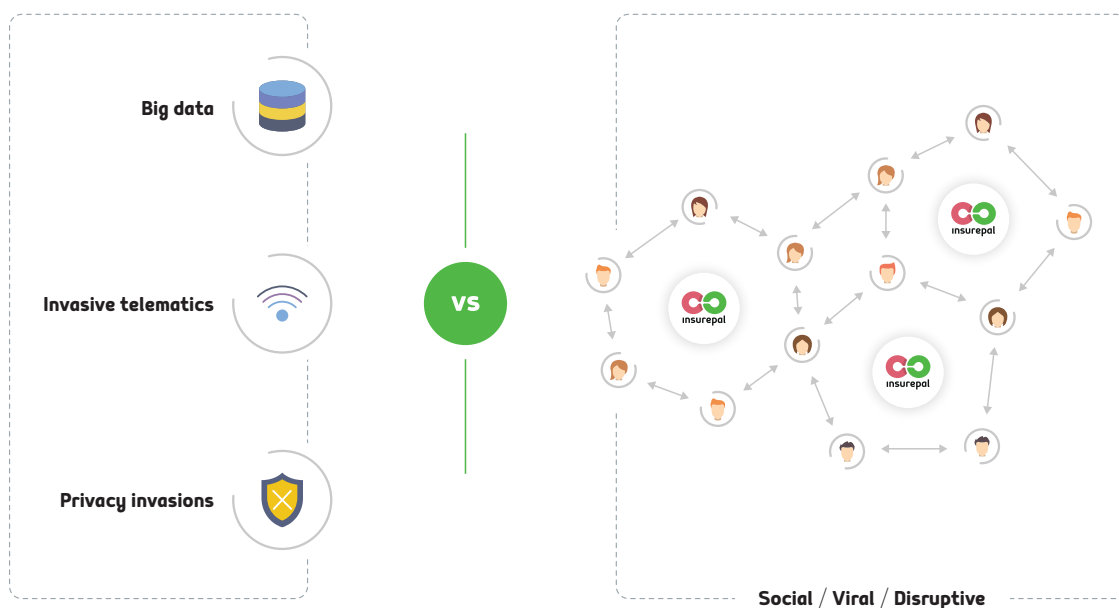MORE INTERESTED IN FILE SHARING

The millennials' affinity for technology is reshaping the marketing space and the boundaries between categories begin to blur, as the consumers no longer wish to be singled out only on the basis of their income, gender, ethnicity or education. Insurance as an industry has failed to do that, and consequently, insurance companies today are not the most popular; on the contrary, besides being perceived boring they are also associated with increasingly high costs.

The young and tech savvy are also most likely the generation that will succeed in fully-deploying the blockchain and accept cryptocurrencies and tokenization models as next-generation valid payment methods as the cryptographically bound peer-to-peer-networks are going to be the defining technologies of their lifetime, as stated in Forbes.

The component of virality and power of social media play a crucial role in how the millennials will learn and/or promote the product. As they are prone to testing new products and are not as loyal to brands they can change alliances quickly. Hence, InsurePal can enter as an innovative provider offering them an engaging and interactive experience, following the latest trends in product differentiation and adoption of disruptive technology.

**INSUREPAL: P2P MODEL & BLOCKCHAIN TECHNOLOGY**

**Big data**

**Invasive telematics**

**VS**

**Privacy invasions**

Social / Viral / Disruptive

insurepal | Distributed social proof insurance

# Solution

## THE IDEA BEHIND

Insurance is a thousand years old method that originated as an arrangement between small communities knowing each other well, especially merchants who gathered to pay to insure their goods being shipped together. In essence, any loss was personal and participants actively tried to avoid letting each other down. Bad participants were recognised and excluded from the group, as the trust between the participants is essential. The principle of collected premiums between trusted parties was forgotten throughout the history as more and more specialized insurance varieties developed. InsurePal adapts the old idea with a blockchain innovation to fit the needs of modern society.

## SOCIAL PROOF IN PSYCHOLOGY

"Social proof is a psychological phenomenon influencing people to take actions and make decisions differently than they would if they had relied solely upon their own judgment. In other words, people reference the behavior of others to guide their own behavior."

Social proof is the influence that the actions and attitudes of the people around us (either in real life or online) have on our own behavior. The "proof" element is the idea that if other people are doing it, it must be correct. Among the first who presented the social proof and ranked it among 6 universal principles that influence our affirmative behavior was Dr. Robert Cialdini in his book The psychology of Persuasion. He described the concept as a tendency, driven by people's natural desire to behave "correctly" under most circumstances, almost as it is built in our basic moral structure. Since, social proof as a pattern stimulating wanted behaviour has been widely popularized by the web and several other studies have re-confirmed that highlighting positive norms works better than pointing out the restrictions. Hence, especially in social interactions, social proof can help people to protect themselves from committing actions that would be frowned upon by others or fall below standard expectation.

## SOCIAL PROOF IN INSURANCE

The mechanism of social proof is applicable to different types of the already existing insurance, and at the same time enables us to become pioneers in creating niche insurance solutions, brought-about with the blockchain innovation. The business model allows InsurePal global platform to scale quickly and disrupting both, the traditional and niche segments by firstly creating social proof insurance modules for blockchain business transactions and motor car insurance, followed with the development of social proof modules for life, health and property segments as well.



**Blockchain business transactions** → **Motor** → **Life & Health** → **Property**
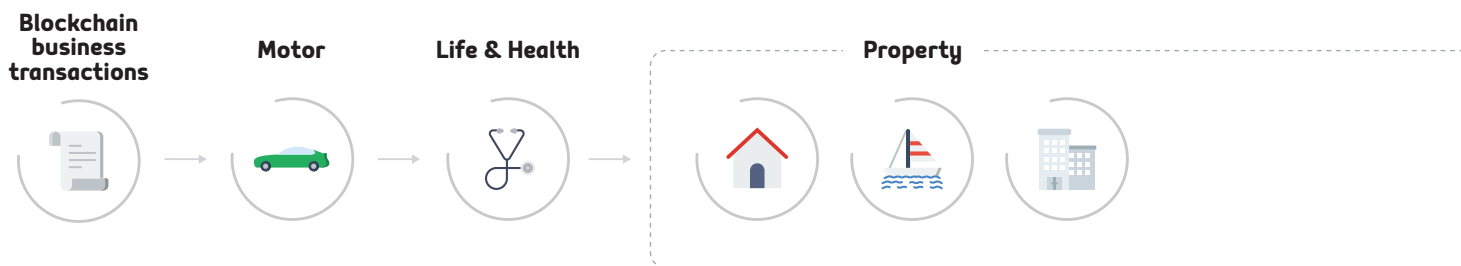
## BASIC MODEL

Social proof bespokes the insurance industry by the use of a form of financial commitment. InsurePal introduces it as a principle of a third party deductible, combining a classical deductible with a third party endorsement that works as a social proof of an individual insuree. The endorser who financially guarantees for the individual has to use its own due diligence when providing the guarantee to at the risk of losing their money. In other words, the basic idea in the logic behind the InsurePal model is that every statement backed with financial guarantee immediately gains in value and credibility.

InsurePal model is self-regulating hybrid of a classical insurance and peer-to-peer endorsements on blockchain, backed with social proof. To avoid any scepticism, InsurePal offers a limited fee guarantee and variety of options to ensure one reasonably saves up compared to traditional policies. Through such endorsements and guarantees, the insurance network in whole becomes more and more risk aware and consequently induces a change of people's behavior to better.

## RECURSIVE/TRANSITIVE MODEL

The basic InsurePal social proof model works as a third-party deductible. When the third-party makes an endorsement, he/she guarantees to pay for the deductible in case of claims. The fact that a person is prepared to give another an endorsement with an imposed financial obligation, gives that person a much greater credibility. At the same time, it also motivates the insurer to act more responsibly, knowing that the financial burden of his unwanted behavior will be felt directly by his/her endorser.
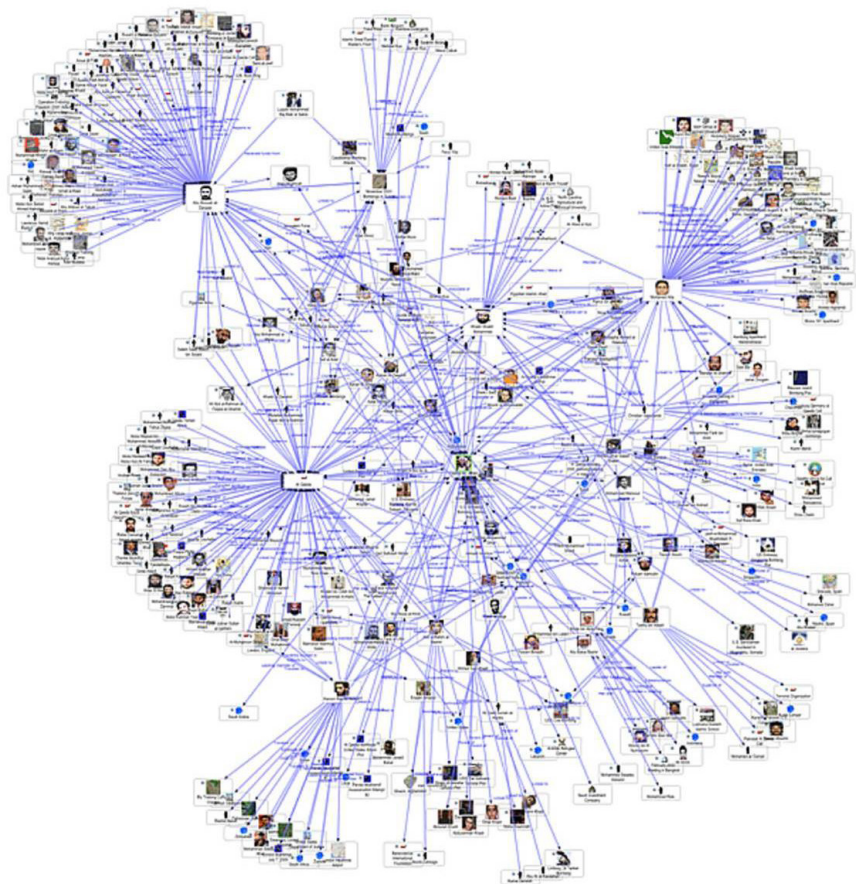


The social proof mechanism can be applied to an insured having more than one endorser, too. As each new endorser also has their own social proof network, a hierarchical social proof virtual network establishes. In the event of a claim, one's first (direct) social proof endorsers pay the most, whereas all indirect connections (secondary, tertiary, etc.) pay exponentially less.

For the allowance to be financially exposed in case of at fault claim, each endorser receives a financial incentive by InsurePal, collected from blockchain transaction fees and insurance premium payments. This is an extremely relevant improvement to the already existing peer-to-peer models. Due the social pressure from all insured`s endorsers, the model will promote self-regulation, whereas the endorsers that will not adhere to the rules will be automatically expelled. Such smart peer-to-peer endorsements (and that of their peers) will ensure that diligence is rewarded by collecting the money from the untrustworthy, as there will be more paid deductibles than awards received.

Even more, every time an endorser is involved in an insurance operation, he/she (namely their node) is rated based on their diligence, receiving a Social Proof Trustscore, a factor that tells all the other participating endorsers whether or how much one can be trust-

ed. Each node will be able to decide whether to give the endorsement to the insured person only or to their entire social network. The financial incentives will be distributed accordingly, promoting recursion and growth of the node`s Social Proof Trustscore index. InsurePal will introduce the recursive model with a careful observation of the entire blockchain economy and in partnership with arbitrage and identity systems in order to fully exploit its potential.
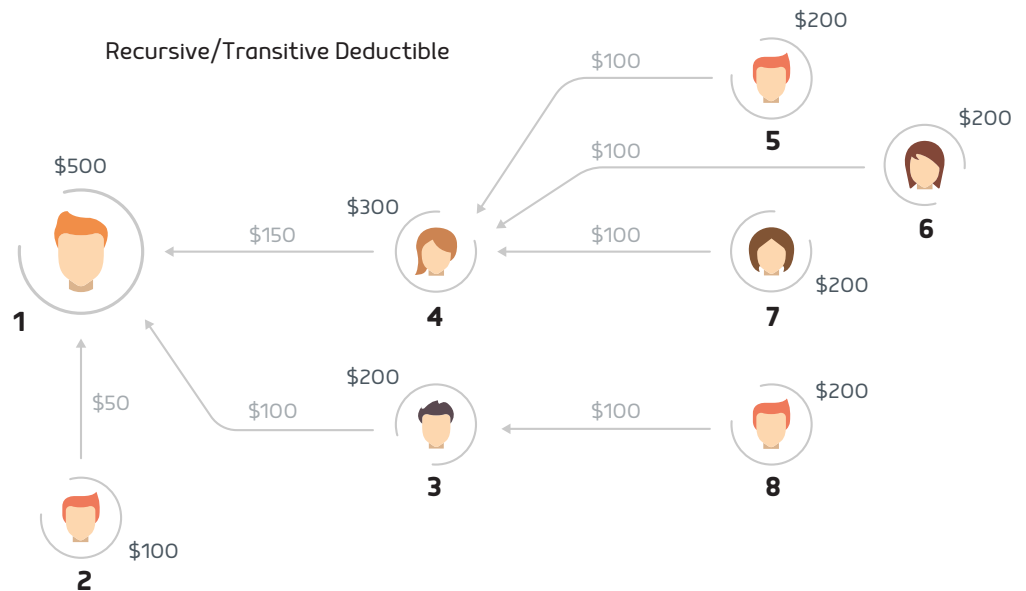


## SOCIAL PROOF TRUSTSCORE

InsurePal social proof network will exponentially expand in order to allow multiple endorsements and mutual recursion, providing the community with a precise insight of who is endorsing who and for how much. This valuable data will serve for InsurePal to generate Social Proof Trustscore, a factor that will calculate a real-time average value directly reflecting who is trustworthy to make blockchain-made agreements with.
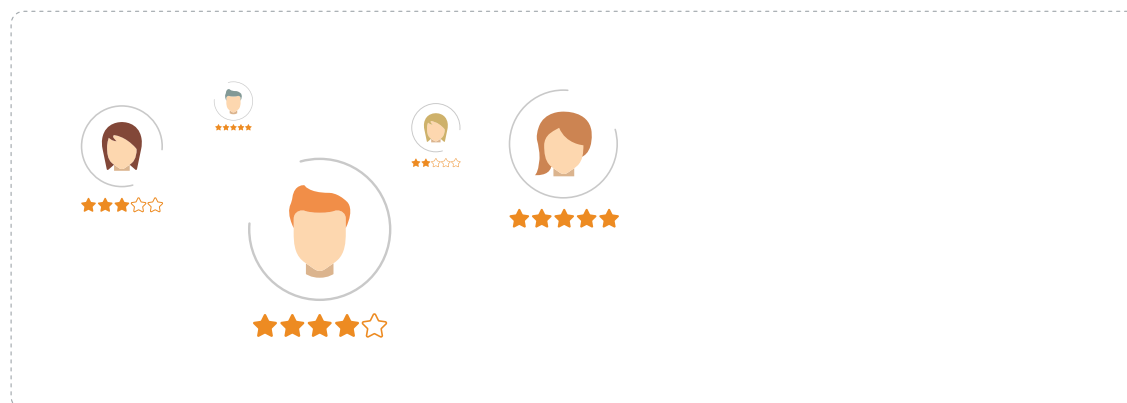
## INSUREPAL PATENT

On its own, social proof methodology is not new and is a concept widely used for marketing in different industries. Nevertheless, this is a first time we have managed to successfully reinvent it in the insurance industry. For that reason, the innovative approach of policy with an endorser has been filed for patent protection in the United States and worldwide.

This gives InsurePal an unique competitive advantage as all the insurances that will want to adopt the concept of social proof will be legally obliged to use InsurePal platform solution, as any other use can be considered as infringement.



http://www.freepatentsonline.com/y2017/0243298.html

"By becoming an early adopter of blockchain technology, InsurePal can gain an important competitive advantage whilst improving transparency and outcomes across the entire value chain."
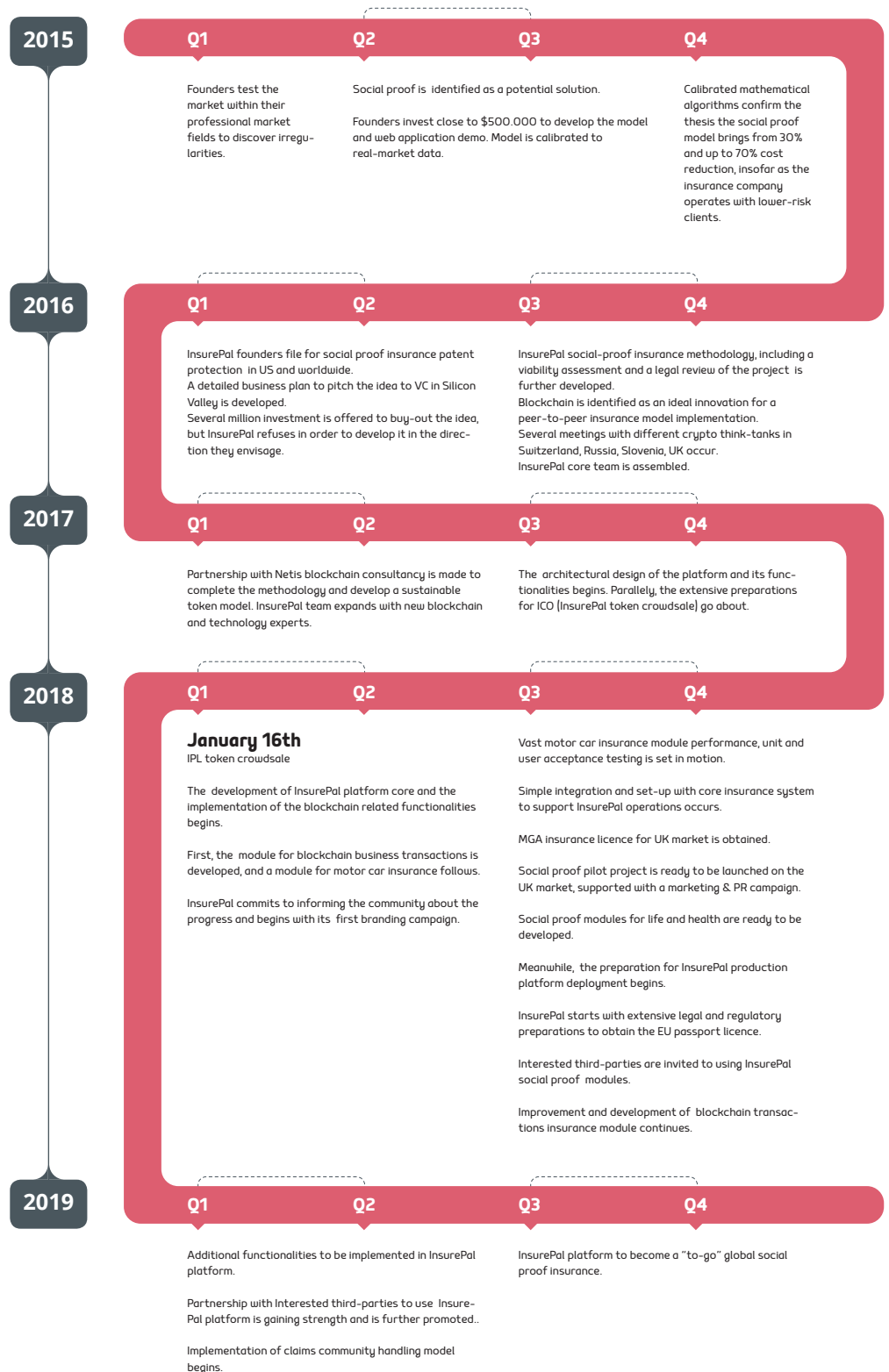
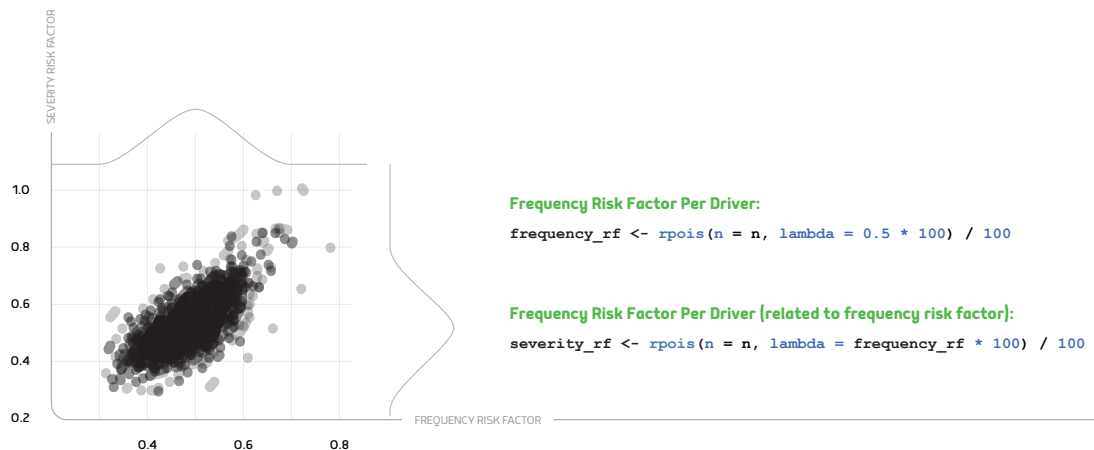# Roadmap

# ROADMAP WITH INVESTMENT CLIFFS

InsurePal is changing the concept of insurance as we know it today. Due the fact we're disrupting one of the state's most regulated industries we must commit to strictly comply with the requirements of regulators in spite of innovation in order to preserve the trust of all of our stakeholders. By designing our Roadmap, we want to provide the team with optimum working conditions, as we are aware of the scale and complexity of the work that is ahead of us. We set our goals on the dot with the commitment to deliver our promise in due time and thus preserve your trust and our primacy in the field of insurance of the future.

## 2015

**Q1**
Founders test the market within their professional market fields to discover irregularities.

**Q2**
Social proof is identified as a potential solution.

Founders invest close to $500.000 to develop the model and web application demo. Model is calibrated to real-market data.

**Q3**

**Q4**
Calibrated mathematical algorithms confirm the thesis the social proof model brings from 30% and up to 70% cost reduction, insofar as the insurance company operates with lower-risk clients.

## 2016

**Q1**
InsurePal founders file for social proof insurance patent protection in US and worldwide.
A detailed business plan to pitch the idea to VC in Silicon Valley is developed.
Several million investment is offered to buy-out the idea, but InsurePal refuses in order to develop it in the direction they envisage.

**Q2**

**Q3**
InsurePal social-proof insurance methodology, including a viability assessment and a legal review of the project is further developed.
Blockchain is identified as an ideal innovation for a peer-to-peer insurance model implementation.
Several meetings with different crypto think-tanks in Switzerland, Russia, Slovenia, UK occur.
InsurePal core team is assembled.

**Q4**

## 2017

**Q1**
Partnership with Netis blockchain consultancy is made to complete the methodology and develop a sustainable token model. InsurePal team expands with new blockchain and technology experts.

**Q2**

**Q3**
The architectural design of the platform and its functionalities begins. Parallely, the extensive preparations for ICO (InsurePal token crowdsale) go about.

**Q4**

## 2018

**Q1**
**January 16th**
IPL token crowdsale

The development of InsurePal platform core and the implementation of the blockchain related functionalities begins.

First, the module for blockchain business transactions is developed, and a module for motor car insurance follows.

InsurePal commits to informing the community about the progress and begins with its first branding campaign.

**Q2**

**Q3**
Vast motor car insurance module performance, unit and user acceptance testing is set in motion.

Simple integration and set-up with core insurance system to support InsurePal operations occurs.

MGA insurance licence for UK market is obtained.

Social proof pilot project is ready to be launched on the UK market, supported with a marketing & PR campaign.

Social proof modules for life and health are ready to be developed.

Meanwhile, the preparation for InsurePal production platform deployment begins.

InsurePal starts with extensive legal and regulatory preparations to obtain the EU passport licence.

Interested third-parties are invited to using InsurePal social proof modules.

Improvement and development of blockchain transactions insurance module continues.

**Q4**

## 2019

**Q1**
Additional functionalities to be implemented in InsurePal platform.

Partnership with Interested third-parties to use InsurePal platform is gaining strength and is further promoted..

Implementation of claims community handling model begins.

**Q2**

**Q3**
InsurePal platform to become a "to-go" global social proof insurance.

**Q4**

## INSUREPAL ALGORITHM

To calculate premium rates for policyholders, insurances usually use a predetermined algorithm based on acquired data, so their underwriters gauge the risk of individual filing a claim and a claim size. The premiums are based on several key indicators which finally dictate the price of the policy. During this process everything from predictive behavior to social media comprehensive analysis can be used as a verifying proof of someone's potential exposure to claims.



**Frequency Risk Factor Per Driver:**
```
frequency_rf <- rpois(n = n, lambda = 0.5 * 100) / 100
```

**Frequency Risk Factor Per Driver (related to frequency risk factor):**
```
severity_rf <- rpois(n = n, lambda = frequency_rf * 100) / 100
```

In motor industry, car insurance is mandatory, as the costs of potential damage or danger may include repair or rent of vehicles, medical care or even legal assistance. The insurance algorithm therefore compares different variables from age, address, marital status to gender and driving record to calculate the end-price of a specific premium. All these data were included in our predictive analysis as well to determine whether the social-proof model withholds all possible scenarios.

InsurePal too uses a similar basic algorithm to calculate the client's premium based on a short questionnaire data to be able to undercut the premium price with a social proof by using an advanced InsurePal algorithm. All necessary data can be acquired by a client taking photo of his/her existing policy and in case of motor ca rinsurance, by also taking
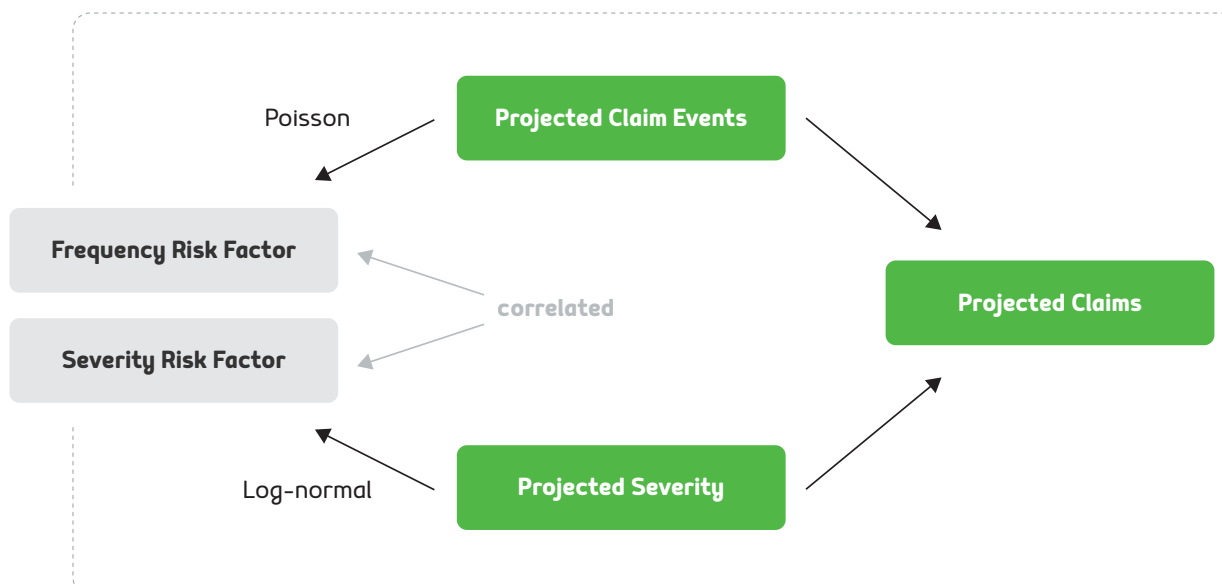
a photo of his/her driving license and vehicle basic documentation. This is also the case with other lines of insurance: basic documents are collected to be able to undercut the with social proof algorithm.

It was determined that by targeting solely the segment of lower-risk drivers (with a proven history record) the claims frequency significantly reduces, leading the insurances insurers to a better clients` segmentation and a significant decrease in policy prices for diligent and responsible clients.

The nature of our proposed decentralised business model motivates self-regulation within the community as the risk-prone individuals are automatically expelled from the scheme. The bigger the community gets, the more possibilities for their peer-to-peer endorsers appear, until only the biggest claims demand the reinsurance of classic models. As a consequence, even more and larger discounts can be offered to the community instead of feeding the expensive bureaucratic apparatus.

**70% REDUCTION OF CLAIMS WITH A SCHEME OF LOW–RISK DRIVERS IS POSSIBLE**



**Safe drivers**
Most profitable segment
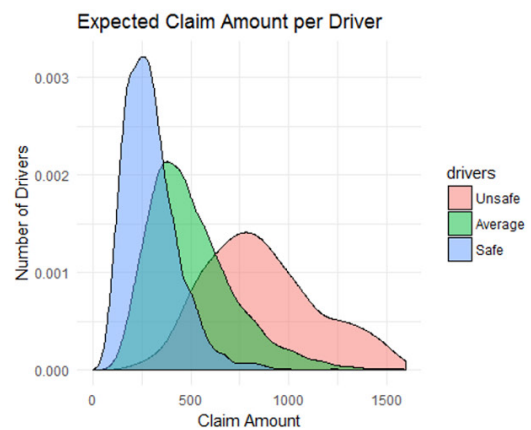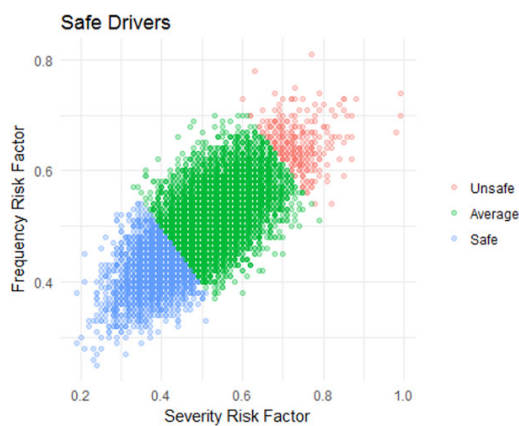
**77%**

of Auto Insurance operating costs are from claims

## INSUREPAL TEST PILOT: UK

InsurePal will ultimately become a decentralized platform that will enable the management and application of social proof to various types of insurances. In its first development phase, a pilot will be run to test the concept on a Great Britain market, known to be the cradle of insurance industry. There are several reasons why the timing for a launch in Great Britain is opportune as the price of motor car insurance is constantly increasing and results of insurance companies are not substantially improved.

According to the Association of British Insurers, UK drivers are paying an average $644 (£484 on 1.11.2017) for an annual insurance policy, up $64 (£48 on 1.11.2017) in the last 12 months. The 11% increase in 2017 is also the biggest year-on-year rise since the ABI began tracking premiums for private cars in 2012.

For the reasons stated above, InsurePal targets millennials and tech savvy to become social proof ensurance early adopters. Due to their age, the younger generation in Great Britain don't have an insurance history, making it even more difficult for the insurers to properly assess their risk. Consequently, they are usually the ones with sky-rocket premiums and at the same time the lowest income. This means that their policy is more expensive that the car they are driving. But in reality, not all of them are high risk drivers.

To fix this paradoxical situation, InsurePal is using knowledge among their friends, family members, colleagues and coworkers about their driving habits by making an assumption that their closest acquaintances will be able to evaluate them objectively. Knowing the driving habits is not the only key. Knowing that person is in general responsible and diligent is the key of proper evaluation.

**UK ADRESSABLE MARKET**



300M

300M

700M

500M
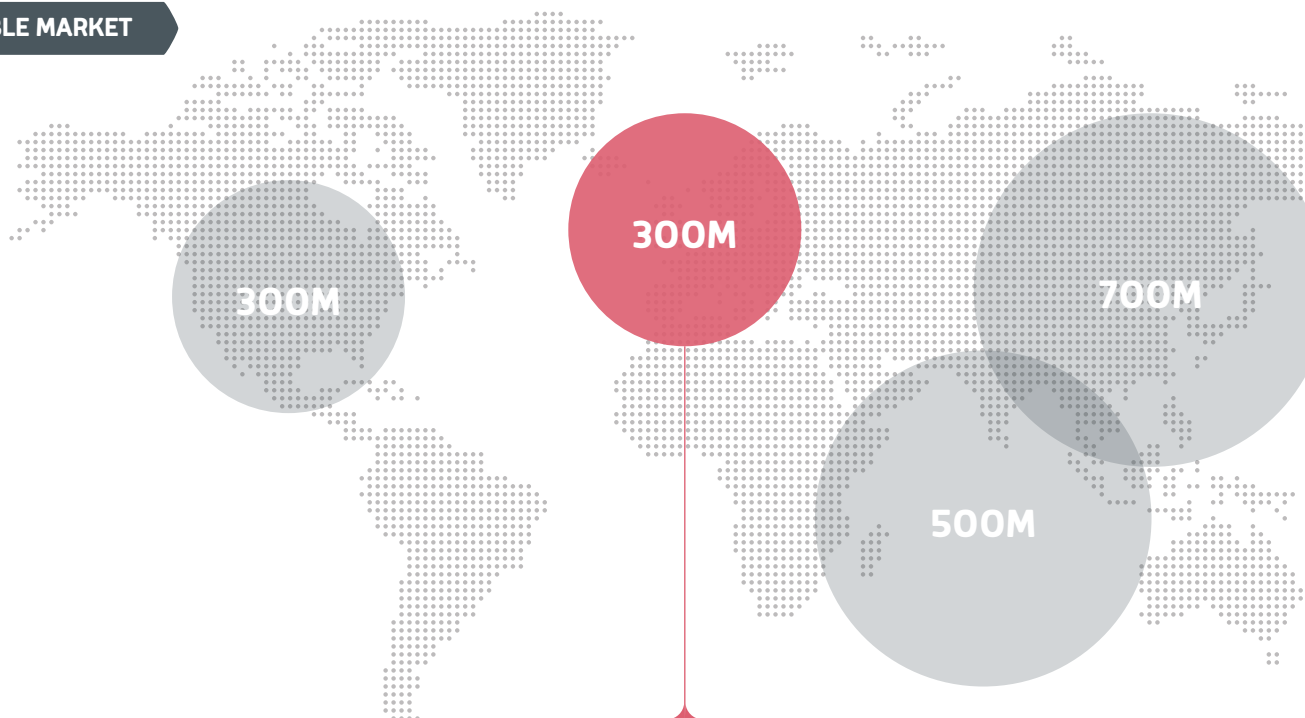
**30 million** insured personal cars
**3 million drivers** with a 5-year track history of accident-free

# Blockchain

## PRINCIPLES OF DECENTRALIZED ECONOMY

Blockchain is essentially a permanent and immutable record of transactions within a network. At its core are "digital ledgers" that are distributed amongst all network participants to serve as a common source of "truth". The system that relies on references to other blocks that are cryptographically secure within the digital ledger is much more transparent than traditional approaches to sharing data across a value chain. By eliminating the need for intermediaries it carries the potential to disrupt existing business models. Blockchain allows for a more transparent and trustworthy service for consumers, whilst offering significant efficiency and reduced overheads for the service providers.

Arising blockchain economies have smaller utilisation than traditional fiat economies, therefore their currency value should be proportionally smaller. However, in opposite to non-inflationary blockchain economy, the majority of fiat economies are printing money and are inflationary. For that, the blockchain economy needs some sort of utilisation to support its value growth.

> "In case of InsurePal, the social proof carries embedded the value of its underlying IPL token currency by rewarding diligent clients with significant premium discounts."

The value of any decentralized economy becomes the value of its underlying currency. If economy and its token prove a valuable utilization, the price of the currency increases, meaning the more economical added value there is, the higher the price of its token gets. In case of InsurePal, this is the role of a social proof guarantee that rewards responsible and diligent clients with bigger insurance discounts. Due the fact the insurance industry in traditional and fiat economy is big, we can reasonably assume the utilisation of InsurePal tokenized economy will be significant in size as well.

## DISTRIBUTED SOCIAL PROOF INSURANCE

Over 15 years of experience in the field of insurance advanced IT systems and solution development have given us an in-depth insight into the insurance business and allowed us to design a product that will revolutionize the insurance industry of today. Now, we are ready to transform this knowledge by building an insurance company of tomorrow by bringing out the essence of trust in a smart digital way by applying the blockchain technology. The key elements of InsurePal distributed social proof platform that will gradually become the "internet of insurance" are decentralization and tokenization.

Consequently, the underwriting of insurance policies, payment system, social proof and even claims handling are dealt with the application of smart contracts, run on the Ethereum public blockchain. In addition, the adaptation of technology allows the assessment of the risk profile of insurance customers and their segmentation into risk groups based on their network of trusted social acquaintances.

### DECENTRALIZED BUSINESS MODEL GROWS TRUST AND TRANSPARENCY

Blockchain application in insurance could have a significant impact on forecasting risk and liability for payment of future benefits and ascertaining premium rates and cash reserves, real time data flows and claims determination impact support processes and therefore provide faster insights for reserve calculation. Within the reinsurance pool retrocessions are assessed in an automated manner using smart contracts. Exposure to loss is reduced, risk is transferred to higher limits and revenues are settled by diversification.

### PATENTED INNOVATION WITH NO OR LITTLE COMPETITION BRINGS RELEVANT ADVANTAGE

As early adopters of blockchain technology, we enter market that has been so far rigorously regulated. There is no real competition that could address both, the knowledge of innovative technology as well as the industry know-how without losing a significant amount of time. By addressing both, B2C and B2B markets, InsurePal is introducing a innovative and highly scalable solution, interesting to a wide array of market.
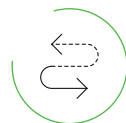
### PEER TO PEER MODEL ENFORCES RESPONSIBILITY AND SELF-REGULATION

Trust among the participants motivates them to promote safe habitual patterns and demotivates them from filing smaller claims. For the majority of individuals, the P2P social proof scheme works better than any of the currently existing standard insurances. With enforced responsibility, individuals with risky behavior are eliminated by their social contacts, meaning that the scheme is self-regulated by the clients.

### REAL-TIME PEER TO PEER DATA SHOW REALISTIC ASSESSMENT OF AN INDIVIDUAL

Deductibles work because of their underwriting effect of reinforcing self-awareness. We are all prone to assess our habits. Guarantees of our trusted social network will provide a person (and InsurePal) with a wider and reasonably more objective perspective. By continuously assessing oneself and others, the clients and their social proof contacts will reinforce self-regulation, significantly reducing the frequency of claims of insured portfolio. Assessments among family, friends and colleagues guarantee real-time segmentation and correlating premium rates.

### DISTRIBUTED MODEL BRINGS SIGNIFICANT PRICE REDUCTION FOR A GENERATION WITH MUCH LOWER INCOME

An easy-to-use discounting model is especially alluring to a generation with a significantly lower income. By introducing the element of virality and social endorsements, InsurePal addresses the needs of millennials who mainly communicates via social media. Even more, by respecting data privacy, it also responds to their growing reluctance to share their data. An end-to-end product will be available as dAPP, making it easy for our primary target group to download it and access it via mobile.

> "InsurePal sees the blockchain innovation as an opportunity to improve efficiency, increase transparency, lower the costs of transaction processing, enhance the customer experience, improve data quality and increase trust between parties and support auditability, among other benefits."

# BLOCKCHAIN & SMART CONTRACTS INTEGRATION

For InsurePal P2P electronic insurance system, blockchain represents a foundational technology that allows the embedment of social proof guarantee into the IPL token with an introduction of self-executing smart contracts when all the predetermined conditions are met.



### INSUREPAL SMART CONTRACT FOR PREMIUMS

Smart contract is autonomous and executes without the help of a third party. The smart contract will be deployed on blockchain to replace the old-fashioned "paper" business, immediately accelerating transparency and data integrity whilst at the same time gaining on agility. The InsurePal smart contract will in detail define the relationship between the insurer, the endorser (or endorsers) and the policyholder. Smart contract will trigger the collection of guarantees in a transparent manner if or when all prerequisites are met and will handle endorsers rewarding as well. The process will be initiated with a request from the potential customer (insured person) and a quote sent, accepted and digitally contracted by way of fiat currency endorsed by the guarantor credit card or issued by digital guarantee on blockchain nominated in fiat or digital currency.

### INSUREPAL SMART CONTRACT FOR CLAIMS ADJUSTMENT

InsurePal understands the claims in insurance need to be assessed objectively and interestingly, all insurance products with parametric claims (meaning where claims size and difficulty can be assessed statistically from publically available database) can in fact be handled automatically. With InsurePal, all claims will at first be handled in traditional manner by outsourcing them to the established companies. The system will support claims filing and management with integration to an insurance core system. This will lead to small claims soon be handled by InsurePal community. The claims adjustor will be selected randomly from an approved list of service providers. They will submit digital evidence of their assessment including recommendation of actions with estimates. For transparency, the InsurePal will randomly select claims adjusters to assess small claims. The other claims adjusters will be offered the opportunity to beat the price proposed and identify how that offer will not compromise on quality. Each claim will be reviewed by two other independent claims adjusters.

### MEMBERSHIP AND COMMUNITY GROWTH

Community members can be minority or majority partners and can increase/decrease their stake in their community group. For example, you can enter as a single guarantor and build you confidence over a period of time allowing your peer group to support your growth measuring against the impact on the group risk responsibility.

## BUSINESS TO CUSTOMER (B2C)

**InsurePal dAPP:** For the end users, InsurePal will provide a customer-centric experience, allowing them to easily navigate through the process and at the same time obtain the most favorable insurance premium via their mobile devices. The InsurePal dAPP will serve as an entry point to the the InusrePal ecosystem, enabling users to create their blockchain identity and directing them to start using IPL tokens hassle free.

The InsurePal dAPP will include different functionalities, such as:

- » Identity creation
- » Social proof identification
- » Token wallet creation
- » Insurance policy administration
- » Claims filing and management
- » Integration with an insurance core system to manage all insurance administration
- » Integration with a credit card payment system and banking payment system
- » Finding social endorsers
- » Giving social endorsements
- » Make payments
- » Take photos and claim damages
- » Communicate with InsurePal supporters and community
- » Enable access to Social Proof Trustscore scoring & rating

## BUSINESS TO BUSINESS (B2B)

The InsurePal platform will act as a global provider of various insurance modules based on social proof mechanics. That way all interested third-parties will be able to use the platform as stand-alone providers at their country level by paying a predetermined fee (to be yet established) and growing their businesses by re-selling social proof insurances.
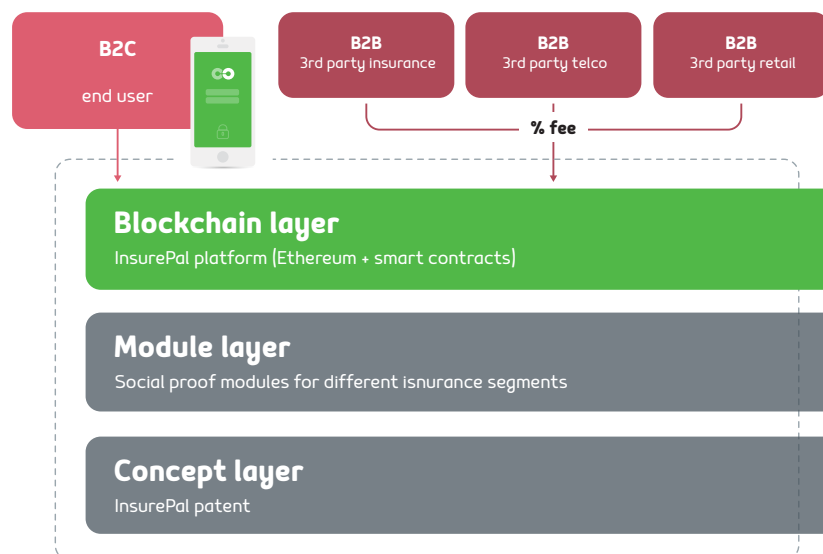
## INTERNET OF INSURANCE

We are certain that underwriting technology will play a significant role across the insurance value chain from acquiring clients, recording their requirements through the processing and adjudication of their claims with quicker turnaround reducing recovery risks. Thereby, we have thoroughly considered each development step to fully comply with regulatory demands and local jurisdiction and came up with a solution roadmap that will allow our users a moderate transition to a fully tokenized model and at the same time ensure the highest level of safety, preserving the trust of all stakeholder.

That way, InsurePal will lead the clients (B2B and B2C) to a fully decentralized service step by step and at the same time serve as a sample case of how to conduct P2P insurance, harnessing the power of blockchain technology. Upon taking this approach, regulatory challenges will be excluded as the claims reserve will be collected and stored in fiat currency until we can ensure with certainty the stability of the proposed model and crypto currency to the regulator.

"A moderate transition into a fully tokenized service will ensure the highest level of quality, preserve the trust of all stakeholders and intuitively lead the clients to a new, decentralized internet of insurance."



◌◌ insurepal | Distributed social proof insurance
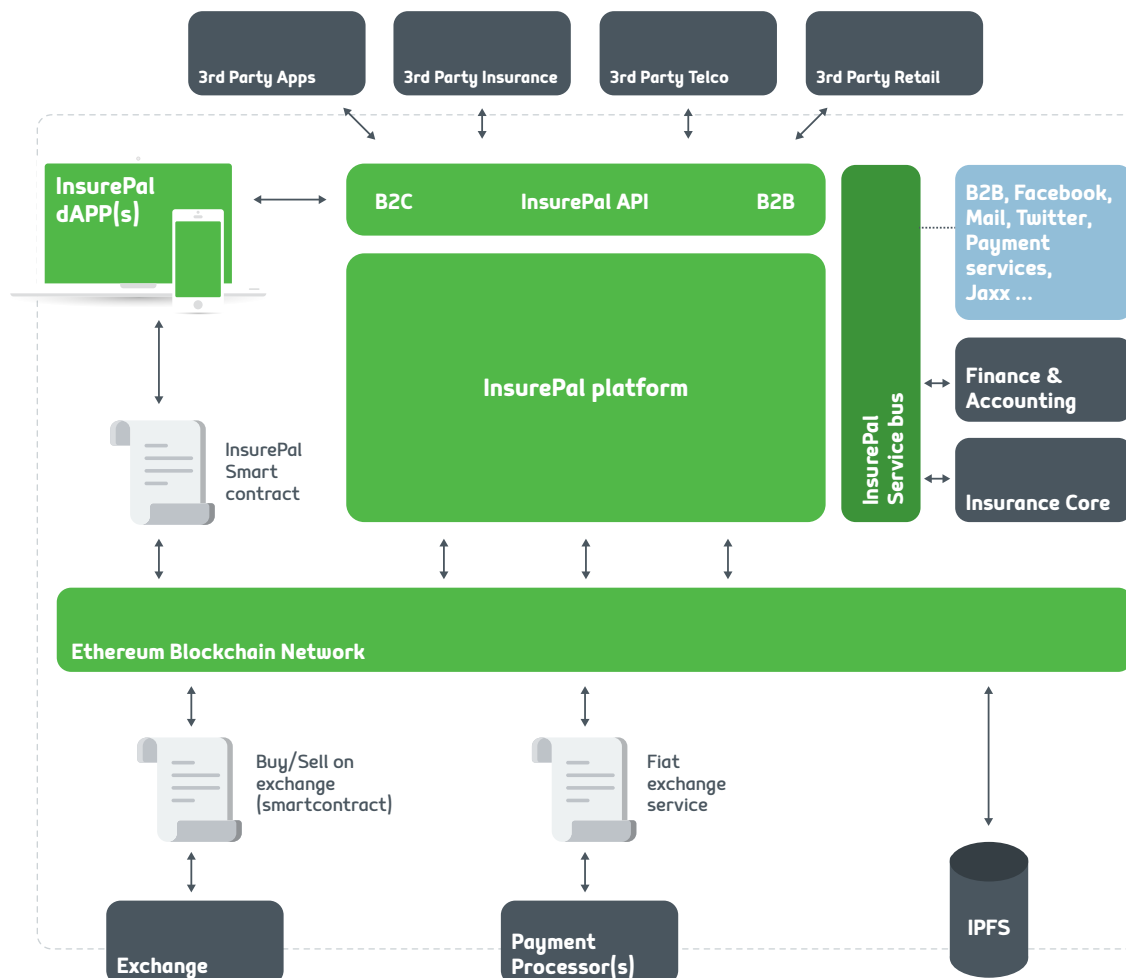
# UNDERLYING TECHNOLOGY
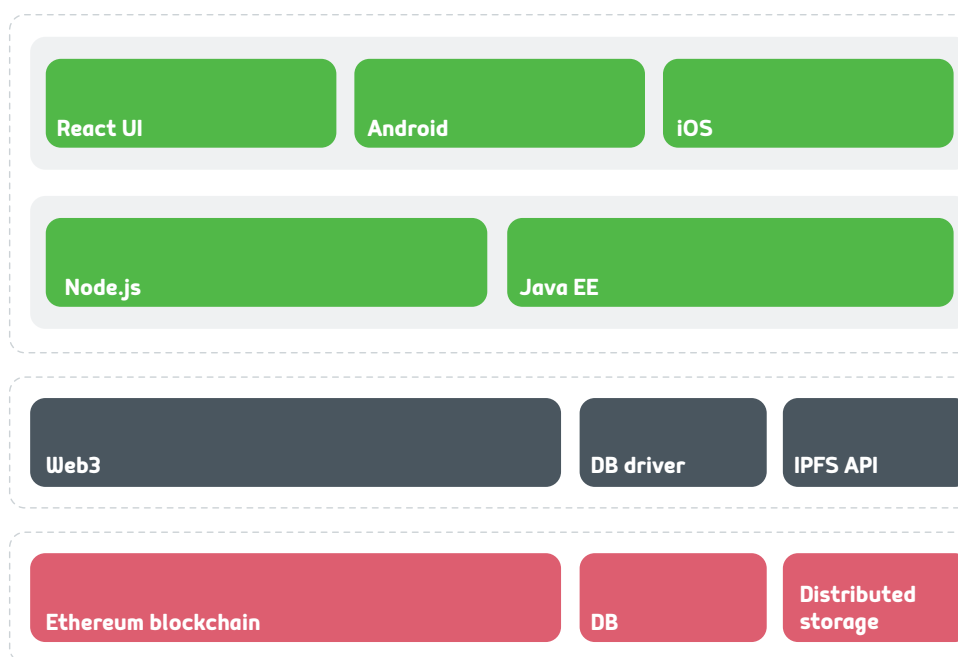


**BLOCKCHAIN DISTRIBUTED LEDGER**

InsurePal dApps and smart contracts will be build on top of Ethereum (a Next-Generation Smart Contract and Decentralized Application Platform). Ethereum blockchain is InsurePal first choice due to its widespread acceptance within the blockchain community, carrying a great future potential for our platform's scalability, flexibility and versatility in the long run.

**FRONT-END/UI**

All web and mobile applications supporting end-users and InsurePal business operations will be build upon most reliable and innovative technologies up to this date e.g. React (front-end) and Node.js, combined with Java EE (back-end). We are dedicated to put ergonomics and user experience (UX) on top of our priorities when building user-face applications. The dApps development will be user-centric by keeping "mobile-first" approach and responsive design in mind, taking into account corresponding applications for Android and iOS systems as well.

**Important notice:** A web pilot demonstrating the handling of processes from acquiring a client and their policy to them taking documents photos and inviting the endorsers via social networks and cashing-in discounts is already operational and in place as POC (Proof of Concept) application.

**BACK-END/BUSINESS LOGIC**

Back-end (InsurePal business logic) will require a mixture of Node.js and Java EE technologies, depending on specific use cases. Server business logic supporting React-built mobile and web interfaces will use Node.js for its realization. Both, React and Node.js are proven to be fast, reliable and lightweight when combined. The more demanding business logic and complex implementations of advanced variable business rules will be handled by Java EE technology.

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**STORAGE**

The InsurePal platform will eventually migrate to IPFS distributed storage layer as a perfect match to blockchain network, ensuring a fast and reliable storage e.g. documents and media files reporting loss cases, digitalized repository for insurance policies, scanned IDs and endorsement letters etc. In the meantime, the storage layer will be handled in a classic manner by using a combination of relational and/or NoSQL databases, all depending on the transactions volume growth.

**INTEGRATION LAYER**

Modular and flexible integration layer will include a service bus for in-platform integrations with insurance core systems. An open API and RESTfull services will be used to enable quick scalability of InsurePal social proof model with third-party providers (B2B). Blockchain ledger integration will be done via currently available and tested libraries e.g. web3j & web3js for UI & (business logic for blockchain ledger integration), java-ipfs-api (IPFS integration) and JSON/REST (social media and payment services). Due the fact the blockchain-related technologies rapidly advance, we reserve the right to replace any of the mentioned services with a more suitable solution.
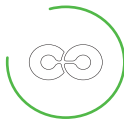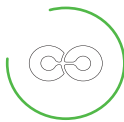
# IPL Token

# INSUREPAL (IPL) TOKEN

InsurePal token (IPL) will be the fuel of InsurePal platform used by clients and InsurePal third-party business partners worldwide. For each new insurance premium conducted via InsurePal platform, the IPL token will be used. Tokenizing property will allow InsurePal to uniquely identify insurance assets and transform the information to other types of businesses via a digital record, containing information about one's social proof. InsurePal platform will use different means to incentivize participants to use it and tokens will be listed on different exchanges to simplify the trading process and make the token available to a broad audience.

### IPL TOKEN FOR INSURANCE OF BLOCKCHAIN BUSINESS TRANSACTIONS

The insurance of blockchain business transactions with social proof will be done in IPL tokens solely, meaning that the client will have to purchase the premium with IPL tokens. For each of their endorsers, the incentive will have to be paid in IPL tokens as well, whereas their guarantee can be done by IPL lock-in or differently (with the use of credit card, credit note etc.). Even more, all fees coming from the side of possible participating insurance companies and other third-parties will have to be paid with IPL tokens as well. For that, this kind of insurance transactions will greatly grow the InsurePal liquidity pool and importantly improve the trust and flow of blockchain business transactions.

### IPL TOKEN AS AN INSURANCE PREMIUM DISCOUNT

To receive the InsurePal insurance, clients will be asked to take and upload a photo of their existing insurance policy. The InsurePal will then calculate and offer each client a discount, proportionate to the size of their endorsers` guarantee. This way, every client will receive a specific number of tokens, representing the exact amount of their estimated discount according to a current market value. In the first phase, the client will also be able to opt out for the cash discount in the form of lower premium price. In this case, the cash discount will account for approximately 20% less than the value of the estimated token discount.

### IPL TOKEN AS AN UPFRONT INCENTIVE

For each new social proof guarantee, the endorser will receive a guarantee premium/reward in local fiat currency or in IPL tokens. The endorser will be able to sell the IPL tokens immediately or speculate and wait for an even higher market value or to save them to buy insurance policy in the future.
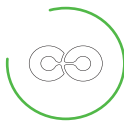
### IPL AS CREDIT SCORE AND SOCIAL PROOF SCORE

Social proof endorsers will be able to make the guarantee with the credit card or via a smart contract. Their social proof guarantee will consist of relevant information on the client (the insurance holder) and will serve to them as a credit report. If several endorsers will guarantee for the same person, their credit score will proportionally increase in value. In parallel to token transactions, these information will be stored in the general ledger being partially encrypted and partially public. The encrypted part will only be disclosed publically if its holder approves.
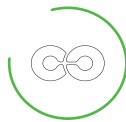
### IPL AS A SOCIAL PROOF IDENTITY

The clients holding IPL will be able to identify themselves within the InsurePal Community. Even more, in the long run they will be able to sell their own social proof guarantee without revealing their identity to institutions or reinsurers in order to get the guarantee and a proportionate share of their insurance premium.
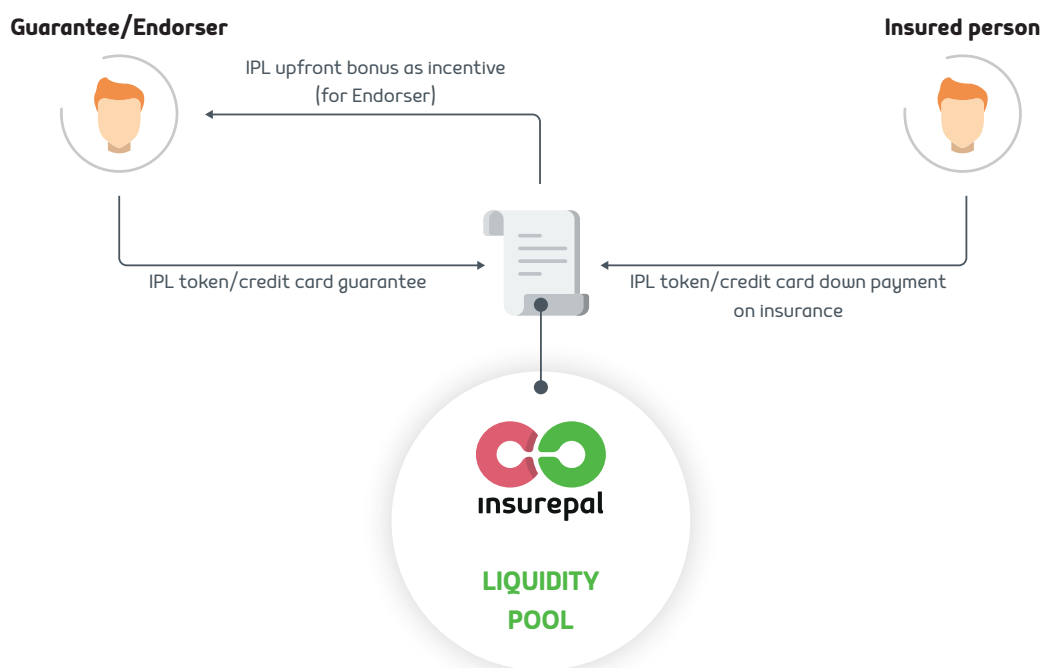
### IPL FOR CLAIMS ADJUSTMENT

In the future, the InsurePal may appoint some members of their InsurePal community to process and report on the claims, a service that will have a financial incentive. Claims which go beyond an agreed threshold (exact amount to be decided) will be decided by professional claims adjusters who will report their recommendations to InsurePal before informing the client. In essence, there is no insurance company involvement as everything is settled by the community on the bases of blockchain and smart contracts.

## IPL LIQUIDITY POOL

Discount conversion to tokens will be incentivised, therefore InsurePal will have to convert a significant percentage (from 10% to 30% for classical insurance segments and, 100% for blockchain business transactions insurance) of each new premium into IPL tokens and give the tokens back to InsurePal clients and their social proof endorsers.



**Guarantee/Endorser**  **Insured person**

IPL upfront bonus as incentive
(for Endorser)

IPL token/credit card guarantee    IPL token/credit card down payment
on insurance

**insurepal**

**LIQUIDITY
POOL**

To continue, all third-party businesses (eg. retailers, telecoms etc.) selling their social proof insurance products via InsurePal platform will be obliged to use IPL tokens and trade with them on exchanges. The adoption of InsurePal social proof model will make it obligatory for third-parties to embed their client` social proof data by InsurePal platform. Any fees for using InsurePal social proof insurance platform will have to be paid in IPL tokens as well.

By selling more and more new policies, there will be more and more demand for tokens, creating a solid liquidity pool for exchanging tokens to fiat and vice versa, supporting the growth of IPL token price. InsurePal model guarantees a high liquidity of IPL

tokens, enabling the token holders to sell their tokens at any time. In case of a big IPL token price growth special token split/denomination processes will be set in motion.

The estimate is that not all of the acquired tokens will be sold immediately, meaning the demand will always be higher than the supply. In line with the mass adoption of cryptocurrencies, the demand and usability of IPL token will grow and consequently, IPL will become a go-to currency of arising alternate insurance industry. The tokens will be bought solely on exchanges from other token holders.

## IPL TOKEN CROWDSALE

The issuance of the IPL tokens will be controlled by a smart contract deployed on Ethereum network. The token will conform to the ERC20 standard. The minimum target for the crowdsale is set to Ether equivalent of $5 million while the hard cap will be at set at $18 million in total. Base token price upon the launch of the crowdsale will be set to $0.10.

InsurePal doesn't support uncapped token crowdsales as we are able to provide an estimate on how big investment we need to achieve our business goal. Furthermore, uncapped token crowdsales turned out to be harmful for the tokenized economy as they are often driven by greed, taking advantage of the hype. For that, InsurePal token crowdsale will be processed automatically and a security measure for the contributors will be included. If the minimum goal is not reached, InsurePal will not be able to access the funds, and participating contributors will get a full refund. This measure adequately protects the contributors and eliminates the need for an escrow. At the same time, we are committed to deliver our features as comprehensively as possible, which is why we made InsurePal platform and its technical development a priority of our operations.

A total of up to 300 million of non-mineable IPL tokens will be issued during the IPL token crowdsale. Contributions will be made available in ETH (Ethereum) only. Each ETH contributed for the entire duration of the IPL Token Crowdsale will entitle the contributor to approx. 3,000 IPL tokens (the exact amount to be calculated and determined on 16 January 2018, depending on the then value of ETH).

| | |
|---:|:---|
| **Role of token** | Utility |
| **Token supply** | 300,000,000 |
| **Distributed in the crowvdsale** | 201,000,000 IPL (67 %) |
| **Symbol/Ticker** | IPL |
| **Decimals** | 18 |
| **Initial value** | $0.10 |
| **Blockchain** | Ethereum |

The ETH/USD exchange rate will be locked based on the market exchange rate as of 16 January 2018, and shall remain valid for the entire time of the IPL Token Crowdsale. The process of token crowdsale will be open for 21 days with the intention to close it early.
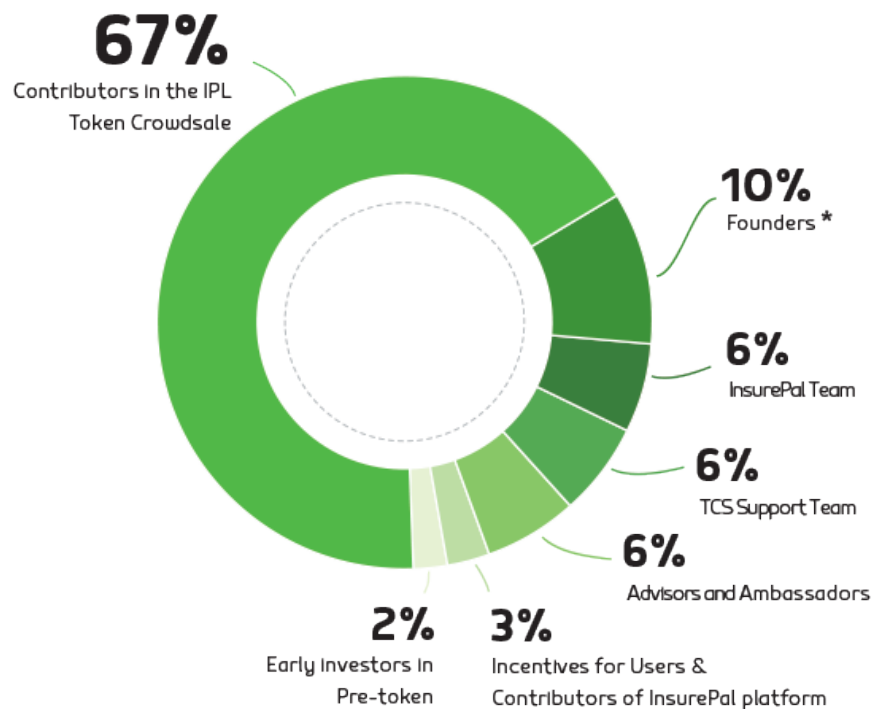


* The token distribution as stated above is a simplification and it does not mean that natural persons are getting this tokens. Some tokens will be distributed to natural persons and some tokens to other legal entities if legal entities are entering the InsurePal project.

## IPL TOKEN DISTRIBUTION

**OUT OF UP TO 300 MILLION IPL TOKENS:**

» up to 201,000,000 IPL Tokens (67%) will be distributed to the contributors in the IPL Token Crowdsale; and
» up to 72,000,000 IPL Tokens (24%) will be distributed to the Founders and Team;
» up to 18,000,000 IPL Tokens (6%) will be distributed to the Advisors and Ambassadors; and
» up to 9,000,000 IPL Tokens (3%) are intended for Incentives for Users & Contributors of InsurePal platform.

The smart contract will generate IPL tokens immediately upon receiving ETH at its address. In due time, after the token crowdsale reaches its hard cap or closes after 21 days, whichever occurs first, the IPL tokens will be released to the contributors and to InsurePal AG, according to the split outlined above. Each ETH contributed will generate a corresponding number of IPL Tokens (approx. 2,600 IPL Tokens for the contributor, plus potential bonuses and a corresponding amount of IPL Tokens to be distributed to InsurePal Ltd).

**A 10% BONUS WILL BE ALLOCATED TO:**

» contributors who contribute within 96 hours of the InsurePal token crowdsale launch; or
» contributors who contribute over 50 ETH.
Please note: each contributor cannot receive a bonus in excess of 10% (even if they contribute within 96 hours of the IPL Token Crowdsale launch with more than 50 ETH). No other bonus of any kind or nature will be offered subsequently.

InsurePal AG however reserves the right to introduce an IPL Token Pre-Crowdsale contribution period (by invitation only), where the bonus or a discount for the exclusive duration of the IPL Token Pre-Crowdsale contribution period may be up to 15% (at the discretion of InsurePal AG). IPL Tokens, based on the funds raised during the IPL Token Pre-Crowdsale contribution period, will be generated and distributed several hours prior to the start of the official IPL Token Crowdsale. The IPL Tokens distributed during the Token Pre-Crowdsale contribution period will not exceed 70% of all the available IPL Tokens assigned to the contributors (with other words, during the IPL Token Pre-Crowdsale not more than 140.700.000 IPL tokens out of 201.000.000 IPL tokens will be distributed). All the investors in the Pre-Crowdsale will be whitelisted.

In case the IPL Token Crowdsale is not successful (i.e. in case less than equivalent of $5 million is contributed), all contributed funds will be returned to the contributors.

The ownership of the IPL token does not include the right to:
» ownership of the company
» ownership of the company's intellectual property
» ownership of the service's IP
» profits of the service
» participate in decision making, unless options are put up on voting to token holders

The InsurePal founding team has a complete control over the strategy as well as a day-to-day decision making. The InsurePal AG owns all intellectual property of the service, which includes:
» InsurePal brand name and domain
» InsurePal patent
» InsurePal source code of the website
» InsurePal platform algorithm
» database(s)

## MILESTONES

The funds raised by IPL crowdfunding will be distributed in the following manner:

### Phase 1 - **$5 million**

*If the goal is not reached, the funds are returned.

**InsurePal platform:**
- Platform core blockchain integration (Ethereum)
- Social proof endorsement scheme
- Modules 1&2: social-proof for blockchain business transactions and for motor car insurance
- Light insurance core integration usage
- Worldwide patent filing completion and worldwide patent protection

### Phase 2 - **$10 million**

**InsurePal platform:**
-Additional modules: property, casualty, life, health
-Full insurance core integration and usage within the system
-Integration of other, third parties Payment/Fee structure

### Phase 3 - **$18 million**

**UK motor car insurance pilot & development:**
-MGA insurance licence
-Outsourced claims
-PR & Marketing Campaign
-Legal & Compliances
-Celebrity Endorsement
-Team cost

**EU:**
-EU motor car passport license

**ERP system** implementation and integration

**Global:**
-PR & Marketing Campaign(s)
-Legal & Compliance

# Team

**FOUNDERS**

### Matt Peterman
Co-founder & InsurePal CEO

in

Has been in insurance business and venture capital for over 15 years, working as an executive and business developer for insurance fraud detection company Salviol Ltd for the last three years. With his help, the company acquired several blue chip insurance clients with a leading position in France and Portugal. Before, he worked with different private equity companies investing and helping them grow. He has made several successful in exits, including one IPO.

### Tom Volk
Co-founder

in

Tom is a leader, an experienced director and a cosmopolitan who actively speaks 5 languages with an educational background in physics, from which he received several awards. He has founded and is currently co-managing Adacta Group. Under his leadership, the company bootstrapped €25 million annual revenue and grown a network of more than 450 professionals in 7 different countries whilst developing a proprietary insurance core system widely used by European and Russian insurances.

**EXECUTIVE MANAGING TEAM**

### Thomas B. Manson
Chief Insurance Officer

in

A financial services and investment professional and a prominent member of the Lloyd's Syndicate with over 20 years of experience in Eastern Europe and the former Soviet Union. He is a renowned public speaker and a lecturer on advising on strategy and business tactics.

### Adam Parker
Chief Marketing Officer (CMO)

in

A passionate brand-builder, innovator, and commercial leader with a track record of accelerated growth on consumer-goods businesses. At Procter & Gamble, he led startup and billion-dollar brands in the UK and internationally.

### Alexander Solomonov
Business Development Russia

in

An experienced IT & financial services professional and a renowned public speaker, deeply involved in developing and promoting new IT solutions and other know-hows to financial industry, mainly oriented to insurance sector.

## Robert Kovacic
Chief Compliance Officer

in

An experienced tax advisor, exercising sound judgement and risk managing with more than a decade of working experience. Specialized in corporate and personal income tax, cross border taxation and transactional taxation.

## Daniel Bieusz
General Legal Counsel

in

Practicing law in Zurich, with extensive experiences with FINMA and FNM (Swiss and Liechtenstein financial market supervisors). In last two years he has been actively involved in blockchain as a legal advisor.

## Maxim Streltses
Chief Financial Officer

in

Previously worked with Pairstech, Oppenheimer and UBS in advising high-net-worth institutional clients and managing portfolios. A dedicated professional with strong track record in investment and financial risk management.

## Charlie Shrem

Business Development Advisor

in

A Bitcoin pioneer. A social economist and digital currency trader. His work in this field is legendary. In 2011, at the dawn of the crypto era, he founded BitInstant, the first and largest Bitcoin company. In 2013, he founded the Bitcoin Foundation and serve as its Vice Chairman. In short, he is the ultimate insider at the epicenter of the cypto universe.

## Peter M. Moricz

Strategy Advisor & Connector for the Blockchain Economy

in

Strategy advisor in the blockchain and regtech sector, conuseling numerous successful ICOs, including Viberate. With a background in compliance and risk management, Peter has over 20 years of comprehensive experience in derivative trading and investment strategies.

## Tomislav Mučič

Senion Blockchain Consultant

in

A pioneer in blockchain with decades of experience in IT security and Project Development. As a true blockchain advocate he focuses on the architectural design and implementation of global protocols that will lay the grounding foundation for the future of business.

## Corey Cohen

Marketing Specialist

in

Experienced co-founder/operator of ADjector LLP with a demonstrated history of working in the online media industry. Strong entrepreneurship professional skilled in SEO, Customer Acquisition, E-commerce, Digital Marketing and Data monetization.

## Euan King

Senior Insurance Expert

in

Former CEO of 1insure, a $200M global provider of software-led solutions to insurers for policy management, claims management and analytics (owned by The Carlyle Group). Prior to this, he was instrumental in the successful expansion of Innovation Group (FTSE:TIG) to the US market.

## Damian Arnold

Insurance & Operations Expert

in

Previous COO of Direct Line (LON:DLG), in which time he oversaw the €550 million sale to Mapfre SA (BME: MAP) Overall he has 17 years' track record of transforming business performance and enhancing value in both, insurance and technology sectors.

## Andrej Plankar

Blockchain Business Consultant

in

A prolific entrepreneur and a blockchain evangelist, dedicated to cryptocurrency and technology innovation. Sees blockchain as the new digital alphabet that will rock the business world.

## Matjaz Rakovec

Chief Operation Officer (COO)

in

Has more than 20 years of experience in the insurance industry, most recently as the CEO of Triglav, Adriatic region's largest insurance group with €1 billion net written premiums. He has been awarded the accolade of Financial Manager of the year in 2012 and 2013 and is currently the president of Slovene Ice Hockey Association.

## COMMUNICATIONS

### Tomaz Furlan
Blockchain and Crowdsale
Project Manager

**in**

A rare example of an expert
successfully translating ICT into a
business language. He is a visionary
with entrepreneurial mindset and an
outstanding knowledge in the fields
of project management, planning and
management.

### Tanja Bivic
Communications & PR
Consultant

**in**

Tanja has years of experience in com-
munications management, working as
editor-in-chief of Slovenia`s national
TV. She`s providing strategic counsel
and leadership to key stakeholders,
directing them to relevant messaging
and positioning within the crypto
community. Holds a social work
degree.

### Melita Gulja
Communications Specialist &
Content Creator

**in**

A digital native with years of agency
experience in public relations and
content communications projects.
She is excellent in developing and
executing corporate strategy whilst
manage messaging to help building
and supporting company's unique
voice and reputation.

### Sebastjan Pirih
Digital Marketing Consultant

**in**

With a strong focus, strategic mindset
and a creative talent he is outstand-
ing in developing out-of-the-box digi-
tal approaches in the fields of content
marketing, social media and creative
digital communications.

### Igor Zgonc
Blockchain Business
Consultant

**in**

Igor is a result-driven professional
with an exceptional entrepreneur-
ial spirit and in-dept knowledge of
blockchain and crypto market. His
company Silver Bullet Risk is devel-
oping innovative risk management
solutions and consulting corporations
in ways to achieve higher goals whilst
reducing costs.

### Rok Kunej
Communications and Marketing
Specialist

**in**

Rok is a skilled wordsmith, disrupting
digital communications in various
roles for more than 10 years. His
deep understanding of digital chan-
nels makes his messages delivered
in time and in line with the user's
expectations.

### Matjaz  Šircelj
Community Manager

**in**

A communicator, digital PR and social
media strategist, consultant and
public speaker with two decades of
experience in tech companies and
advertising agencies. As a freelancer
he is consulting international brands,
organizing conferences and local
entrepreneurial events.

## DEVELOPMENT

### Jernej Srebrnic
Lead Blockchain & Software Architect

Jernej is a software engineer, architect and developer with more than 15 years of experience and a BSc degree. He is a master of Java SE & EE, lately focused on exploring blockchain technologies.

**in**

### Tomaz Vodisek
Full-stack Lead Developer

A full-stack Java developer with over a decade of experience in developing business critical solutions in the fields of telecommunications and healthcare. Blockchain and dApps development are next milestones in his professional career.

**in**

### Grega Stritar
Software Developer, CEO at NeoLab

A software architect, entrepreneur and a blogger with a masters in information sciences. He is the CEO of a software studio Neolab, developing custom business solutions and business intelligence projects for various clients.

**in**

### Blaz Blokar
Blockchain developer

Young and promising developer, extremely passionate about blockchain and crypto related technologies. He is blockchain and Lynux sys admin, capable of handling challenging setup, configuration and system maintenance of key components on the chain.

**in**

### Spela Novsak
Full-stack developer

Špela is full stack developer, capable of developing complex business logic and back end code, but with a great affinity for front end development as well. Špela holds a BSc degree from the Faculty of Informatics and Computer science of the University of Ljubljana. When she is not coding she teach kids ballet.

**in**

### Sebastjan Dimnik
Project management & UX

Sebastjan is an energetic and motivated professional with experience in UX, business digitalization and project management. He is a result-driven team-player, building collaborative relationships whilst demonstrating responsible leadership.

**in**

### Larissa Bobkova Lagudin
UX and web developer

Besides having a vast experience in programming and planning of digital systems, websites information architecture and applications, Larissa is an expert in digital marketing, consulting on planning, design, and implementation of digital solutions and training of users.

**in**

**Support team:**
Besides the listed team members the project is backed up by a strong and unified team of business analysts, PM's and developers, all together counting more than 20 individuals.

**RISKS AND DISCLAIMERS**

This Whitepaper has been prepared by InsurePal for the sole purpose of assisting prospective participants in deciding whether to participate in the InsurePal token. We emphasize that this is an open-source initiative where everyone makes the decision independently.

We further note, that financial information contained in the Whitepaper and accompanying materials is unaudited. The projections contained herein and the accompanying materials are based on certain assumptions. No assurance can be given that these assumptions will prove to be correct, and, accordingly, no assurance can be given that actual results will conform to the projected results.
InsurePal, the management and the development teams of the project, expressly disclaim any responsibility for ensuring the accuracy or completeness of the information contained herein and in the accompanying materials. Accordingly, neither of us, nor any other individuals or entity, nor any of our affiliates, representatives or advisors will be subject to any liability for any inaccuracies in or any omissions from materials contained herein or the accompanying materials or any other oral or written information provided with respect to the InsurePal token and no express or implied representations or warranties will be deemed to have been made with respect to the Whitepaper or any other matters.

Neither the project management and core development teams, nor InsurePal AG, nor any affiliates, representatives or advisors are under any obligation to update, supplement or correct this Whitepaper or accompanying materials in any respect, or otherwise to provide any recipient or reviewer of these materials with access to any additional information. In addition, the project management and core development teams, InsurePal and the development teams reserve the right, without prior notice to any reviewer or recipient of this Whitepaper or any accompanying materials, to terminate, at any time, further participation until tokens are generated, we reserve the right to modify any applicable procedures, without giving advance notice thereof and without providing any reason therefor.

**We emphasize in the strongest possible terms that a InsurePal token does not represent ownership or a security interest in InsurePal or any other entity. Nor is a InsurePal token related to any other assets or properties. The token does not represent a debt owed by the Foundation or any other entity, and shall not be considered a debenture. If you determine that InsurePal tokens may constitute a security subject to regulations in any country, we strongly advise you not to acquire them and suggest you immediately notify us of any possible risks. In addition, we feel compelled to advise you of the following risks, and indicate that these and additional risk need to be factored in your decision.**

**TOKEN VALUE RISKS**

Due to the very short history of crypto tokens and crypto-economic systems, there are several challenges that token holders face when trying to value these projects and underlying tokens.

The short history of crypto tokens has generally shown an even shorter lifespan of many of the projects. This is especially true because projects present a big principal-agent problem. This is different than a startup that usually raises money in a series of different rounds over several years.

Second, there is some level of systemic risk associated with the crypto markets that cannot really be diversified away. The industry is too nascent for that. Therefore token-holders take on both project-specific risk and market risk when they acquire tokens in a specific sector

The systemic risk is very hard to predict, due to the short time span, and is unique to the industry. Everything from hard forks to new crypto attacks are a source of systemic risk that traditional investments don't suffer from.

Many projects are interdependent, which causes dependency risk to projects. For example, a crypto project built on ethereum will be affected by things happening in ethereum, like a bug found in a compiler, or an attack on the ethereum network.

And further, as layers of the ecosystem build up, this dependency risk deepens.

**REGULATORY RISKS**

Generally, as the development of blockchain tokens continues to enable new business models, new legal issues come into focus. For developers, legal and regulatory uncertainty can be one of the main barriers to building new blockchain protocols and applications.

We emphasize in the strongest possible way that InsurePal tokens do not represent ownership or a security interest over any entity or assets or property. They do not represent a debt owed by any entity and shall not be considered a debenture under any applicable law. It is for these reasons that we believe that our tokens are not securities and may be purchased by anyone.

If you determine that our tokens may constitute securities subject to regulation in any country, we strongly advise you from acquiring them and suggest you immediately notify us of the possible risks.