

FintechNova – Internal Strategy, Revenue Model, Costs & Risks for Token-Based Insurance Portfolio

Confidential – For Managers Only

This document outlines the internal financials, strategy, operational risks, and cost structure behind FintechNova's new token-based insurance product line. Information contained here must not be shared with non-managerial staff or external parties.

1. Strategic Objectives (2025–2028)

1. Capture 3% of digital micro-insurance market in EU/CEE within 36 months.
 2. Achieve 45% automated claim resolution, reducing operational cost by ~52%.
 3. Establish NovaChain as the leading insurance smart-contract platform in the region.
 4. Expand into Asia-Pacific in FY2027 with TravelFlex and GadgetSecure.
 5. Integrate AI-driven risk scoring across all five products by Q3 2026.
-

2. Revenue Architecture

Primary Revenue Streams

1. **Token premium fees**
Avg. margin: 18–22% depending on product category.
2. **Transaction fees** on smart-contract claim executions.
Expected volume: 85–120M events/year by 2027.
3. **Data partnership monetization** (fraud analytics, anonymous pattern data).
4. **Subscription bundles** (e.g., “Travel + Gadget Pack”).
5. **Marketplace revenue** from third-party token issuers joining NovaChain.

Forecasted Revenues

Year Revenue (EUR) EBITDA Margin

2025 €8.2M	11%
2026 €18.9M	18%
2027 €33.4M	24%
2028 €48.2M	29%

3. Product-Level Internal Notes

TravelFlex

- Flight delay payouts are low-risk but **weather event clusters** can cause sudden spikes.
- Margin target: **21%**.
- Negotiations ongoing with **SkyLink** for global airport data integration.

HealthShield Micro-Token Care

- Key cost driver: regional medical pricing variability.
- Expected fraud ratio: **5.4%** (acceptable).
- Partnership with **MediScan** reduces verification time by 43%.

AutoSafe

- Margin highly dependent on quality of driving-score telemetry.
- High initial hardware integration cost.
- Segment has highest upsell potential → driver rewards, fleet analytics.

HomeGuard

- Smart-home sensor integration reduces risk significantly.
- Margin target: **19%**.
- Major risk: **false positives** triggering unnecessary token burns.

GadgetSecure

- Fastest-growing product.
- Margin stable at **15–18%**.
- Key dependency: global repair partner availability.

4. Cost Structure

One-Time Engineering Costs (2025–2026)

- NovaChain v2 infrastructure: **€4.7M**
- Token issuance & burn engine: **€1.2M**
- AI claims verification models: **€2.1M**
- EU regulatory compliance package: **€880K**

Ongoing Annual Costs

- Cloud infrastructure: **€3.4M/year**
- Token ledger compute + storage: **€1.1M/year**

- AI pipelines + monitoring: **€690K/year**
- Customer support: **€2.2M/year**
- Fraud investigation team: **€1.3M/year**

5. Key Operational Risks

A. Smart-Contract Vulnerabilities

- Exploits could drain compensation pools.
- Mitigation: external audits every 6 months; bug bounty program.

B. Regulatory Pressure

- EU MiCA and upcoming insurance-token regulations may require redesign.
- Worst-case scenario: token classification as “financial instruments” → higher cost base.

C. Claim Manipulation Attempts

- Particularly in HealthShield and GadgetSecure.
- AI-based fraud scoring expected to reduce loss ratios by 12%.

D. Data Dependency Risks

- AutoSafe and HomeGuard rely on telemetry partnerships.
- Loss of a partner → increased claim uncertainty + higher premiums.

E. Market Risks

- Token price volatility (if secondary markets emerge).
- Customer backlash to automated decisioning.

6. Three-Year Competitive Advantages

- First-mover advantage in **modular token insurance**.
- NovaChain throughput (32,000 tx/s) gives strong scalability.
- Deep AI integration improves underwriting accuracy.
- Extremely short payout latency (< 2 seconds average).

7. Internal Recommendations

1. Prioritize HealthShield + TravelFlex expansion—highest ROI.

2. Package products into **family subscriptions** for higher retention.
3. Accelerate development of **cross-border claim settlement**.
4. Strengthen partnerships with hardware OEMs for AutoSafe data.
5. Prepare contingency plan for regulatory tightening in 2026.