NEXGEN - Autonomous insurance network - fully automated insurance for IoT devices and a platform for insurance innovation built around data

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CONTENT

1. EXECUTIVE SUMMARY

We are rushing into an era of pervasive connectedness. 55 billion Internet of Things (IoT) devices will be bought over the next eight years. Most of them will be able to diagnose their own operating state and communicate imminent failure.
Despite the insurance industry's success over the last 30 years, it has never been a technology leader. Insurance companies, policyholders and 3rd parties alike can all make transactions according to their own competencies, and all excess value (created from the transactions) is shared based on their contribution.
Because none of this requires human verification, there is an opportunity for automated insurance products - insurance that verifies claim events and pays claims automatically.

There is a second opportunity.A lot of players in traditional finance-based sectors have a strong initiative to understand their current and potential customers. A data-gathering intermediary can be a real asset for these sectors to understand their target audiences. With reliable data, they can develop better products that are customized, digitalized and more cost-efficient. Most IoT devices collect data. Drones, sensors and cameras can send data that can be used as an input to insurance calculations. This will see an explosion in the number and diversity of insurance products.

However, it is very difficult and costly for these sectors to gather this data by themselves. It requires a significant investment of time and money to develop and integrate such a system, market it to the public, manage the data gathering processes, and analyze it.
With smart contracts and a tokenized system that assesses risk, we‘re building a platform for autonomous insurance, usable by any manufacturer or insurer.
Now, Zikto is expanding the idea of data sharing to another level: developing a protocol to facilitate the transactions. It will promote more stakeholders in the traditional insurance industry, benefiting all. Insurers will find easier ways to gather data, users and policyholders will have access to better insurance products, and third parties like app developers and sales agencies will find optimal ways to monetize their services and products.
the Nexgen Protocol is a new blockchain-based insurance ecosystem that seeks to connect insurers, their customers, and developers. It is designed to assist insurance companies in tailoring insurance policies to individual lifestyles to provide unique incentives for customers.
Here is the pathway to that:

- Harness the wisdom of the crowd

- Form prediction markets whose members (token holders) are subject specialists and insurance enthusiasts
- Combine prediction markets with insurance pools
- Use prediction markets to assess insurance risk
- Construct algorithms that price the policy premiums and predict profitability of insurance pools
- Develop a token model that incentivises and rewards members for accurate insurance market predictions
- Create a network effect so that all token holders benefit from the efficiencies of the system, regardless of their individual forecasting success
- Automate through smart contracts
- Create a Decentralised Autonomous Organisation (DAO) that uses smart contracts to connect intelligent devices with insurance policies
- Connect to devices that communicate their need for maintenance or replacement
- Automate insurance payouts
- Use re-insurance to handle exceptions
- Automatically sell tokens or issue payments to keep reserves within target range
- Partner with data providers
- Seek out manufacturers who already collect data on their devices' operating states
- Collect data from drones and sensors that would help inform insurance risks
- Use device data as intelligence in valuing and creating policies
- Subject to the regulatory environment, encourage third parties to create insurance offerings using the platform
- Cooperate with manufacturers wanting to pre-install insurance policies

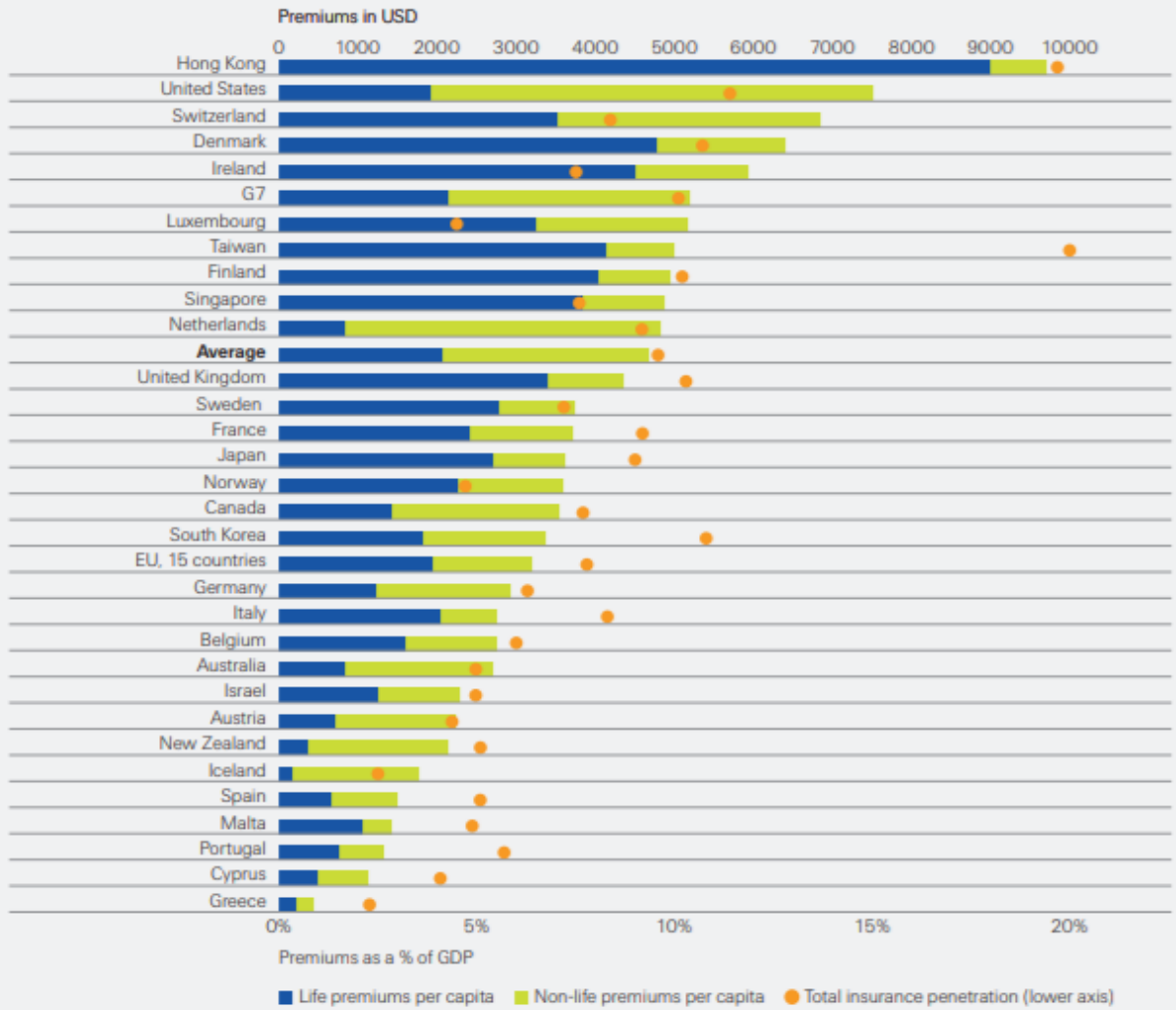
2. MARKET OVERVIEW

The global IoT insurance market is expected to be worth USD 42.7 Billion by 2022 and we are positioning ourselves as a significant innovator in that space.

Despite the emerging market, there is a global trend of reduced growth in the insurance industry. This is mainly due to stagnancy in advanced markets such as the US and other developed countries including Germany, UK, and Australia, which are expected to see less than 1.5% growth through 2018. The non–life insurance market is forecasted to see a lower growth rate compared to the life insurance market, but the overall trend is almost identical in both markets.
Insurance penetration and density

Over the past decade, overall insurance penetration in the advanced markets, defined as insurance premiums/GDP, has remained relatively stable. In life, penetration has declined. In non-life, insurance penetration has increased as medical insurance grew and improving rates supported premium volumes in recent years.
Average per capita spending on insurance (density) in advanced markets was USD 4664 in 2019 and insurance penetration (premiums / GDP) was 9.6%.

Figure 1
Insurance density and penetration in advanced markets, 2019



Source: Swiss Re Institute

2.1 World Life And Nonlife Insurance In 2019

Outside the United States, the insurance industry is divided into life and nonlife (or general insurance), rather than life/annuities and property/casualty. Swiss Re's 2019 world insurance study is based on direct premium data from 147 countries, with detailed information on the largest 88 markets. World insurance premiums rose 2.9 percent in 2019, adjusted for inflation, to $6.3 trillion. Non

Life premiums grew 3.5 percent in 2019, adjusted for inflation, slightly above the rate of growth from 2009 to 2018. Life insurance premiums grew 2.2 percent in 2019, faster than the 1.5 percent rise in 2009 to 2018, adjusted for inflation.

2.2 Outlook for 2020-2021

Following 2.9 percent real growth in 2019, Swiss Re estimates total global insurance premiums would fall 3 percent in 2020 due to the COVID-19 pandemic and forecasts 3 percent rebound growth in 2021, resulting in no growth over the forecast period, 2019 to 2021. After 2.2 percent growth in 2019 in 2020 life premiums are estimated to fall 6 percent in 2020, and to grow 3 percent in 2021. Overall, from 2019 through 2021, life premiums are expected to fall 2 percent. Non Life premiums will fare better: following 3.5 percent real growth in 2019, premiums are estimated to be flat in 2020 and to rebound with 3 percent growth in 2021. From 2019 to 2021, nonlife premiums are predicted to grow 2 percent.

Top 10 Countries By Life And Nonlife Direct Premiums Written, 2019 (1)
(US$ millions)

				Total premiums		
Rank	Country	Life premiums	Nonlife premiums (2)	Amount	Percent change from prior year	Percent of total world premiums
1	United States (3), (4), (5)	$628,522	$1,831,601	$2,460,123	3.9%	39.10%
2	PR China (5)	329,432	287,967	617,399	7.4	9.81
3	Japan (5), (6)	341,328	118,019	459,357	4.8	7.30
4	United Kingdom (5)	264,221	102,022	366,243	-3.8	5.82
5	France (5)	167,588	94,694	262,283	-1.5	4.17
6	Germany (5)	101,550	142,301	243,852	-0.4	3.88
7	South Korea (6)	94,483	80,037	174,520	-3.3	2.77
8	Italy	124,133	43,705	167,838	-1.4	2.67
9	Canada (5), (7)	53,317	79,840	133,157	2.9	2.12
10	Taiwan	97,423	20,401	117,823	-3.4	1.87

World Life And Nonlife Insurance Direct Premiums Written, 2019 (1)
(US$ billions)

Life	$2,916	46%
Nonlife (2)	3,376	54
Total	**$6,293**	**100%**

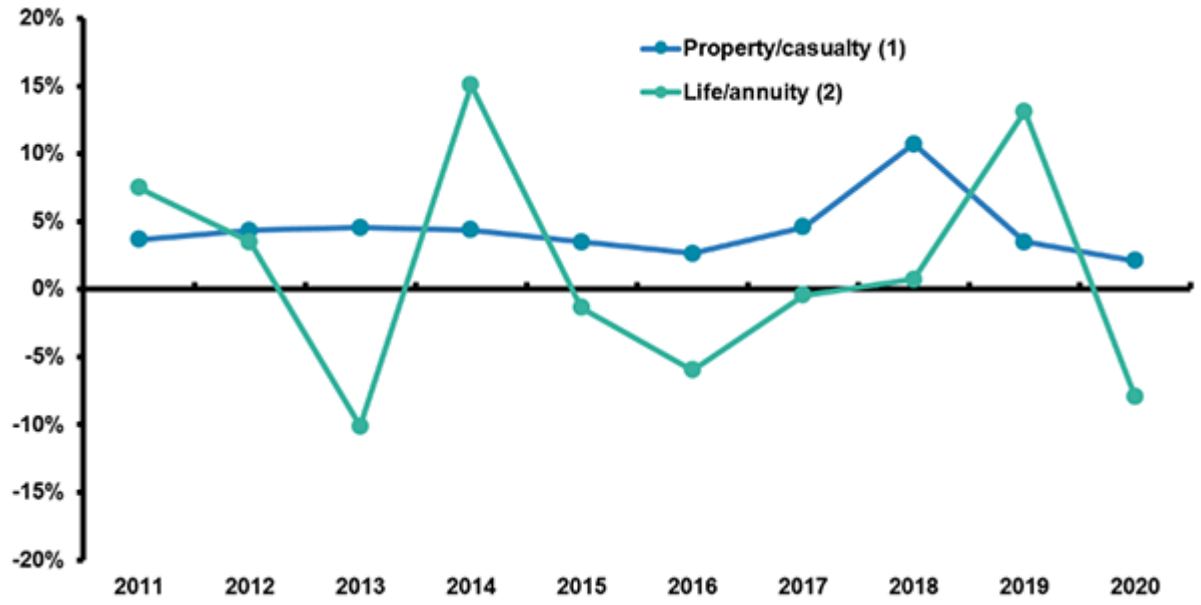
World Life And Nonlife Insurance Direct Premiums Written, 2017-2019 (1)
(US$ millions)

Year	Life	Nonlife (2)	Total
2017	$2,723,040	$3,066,759	$5,789,799
2018	2,882,179	3,266,841	6,149,020
2019	2,916,267	3,376,333	6,292,600

Top 10 Countries by Total Insurance Premiums Per Capita and Percent of Gross Domestic Product (GDP), 2019 (1)

Rank	Country	Total premiums per capita	Rank	Country	Total premiums as a percent of GDP
1	Cayman Islands	$12,764	1	Taiwan	19.97%
2	Hong Kong	9,706	2	Hong Kong	19.74
3	United States	7,495	3	Cayman Islands	19.18
4	Switzerland	6,835	4	South Africa	13.40
5	Denmark	6,384	5	United States	11.43
6	Ireland	5,920	6	South Korea (2)	10.78
7	Macao	5,551	7	Denmark	10.68
8	Luxembourg	5,165	8	Namibia	10.44
9	Taiwan	4,993	9	United Kingdom	10.30
10	Finland	4,948	10	Finland	10.17
	Total world	**$818**		**Total world**	**7.23%**

Growth In Net Premiums Written, Property/Casualty And Life/Annuity Insurance, 2011-2020
(Percent change from prior year)



(1) Net premiums written after reinsurance transactions, excludes state funds, includes accident and health insurance.
(2) Includes premiums, annuity considerations (fees for annuity contracts), deposit-type funds and accident and health insurance.

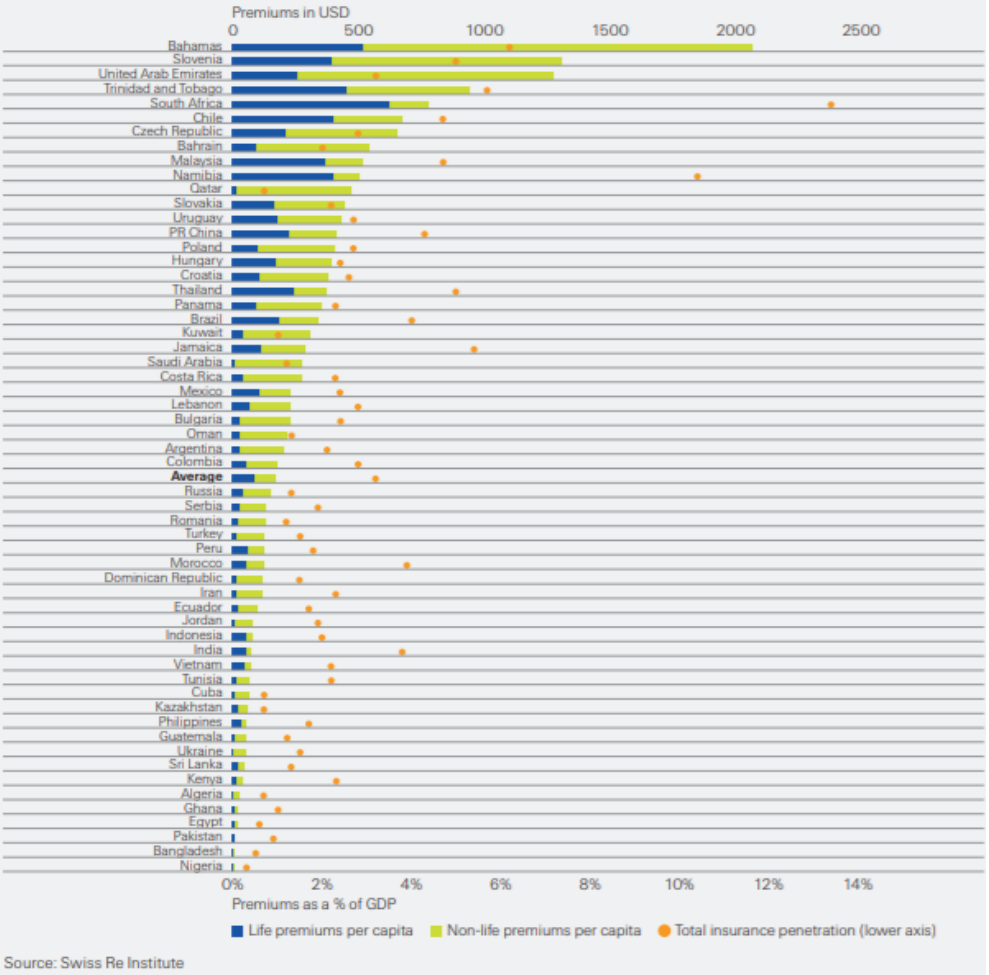
Source: NAIC data, sourced from S&P Global Market Intelligence, Insurance Information Institute.

2.3 Emerging markets

Insurance penetration and density

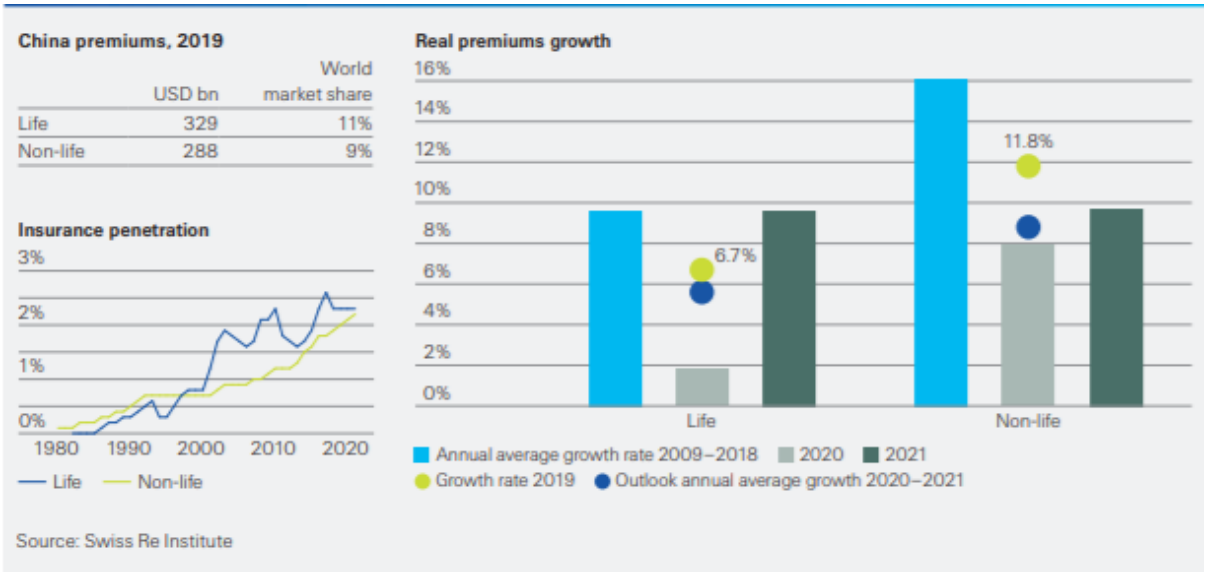
In 2019, total insurance penetration in emerging markets grew strongly, continuing a solid upward trend, most notably in emerging Asia. An uptrend can be seen in most regions, except in the life sectors of emerging Europe and the Middle East and Africa. In Africa, falling penetration reflects weak growth in South Africa and an aggregation effect; with its high insurance penetration, South Africa is losing market share to less developed low-penetration countries in the region. Average per capita spending on insurance (density) in emerging markets was USD 175 in 2019, and insurance penetration (premiums/GDP) was 3.3%.

Figure 2
Insurance density and penetration in emerging markets, 2019



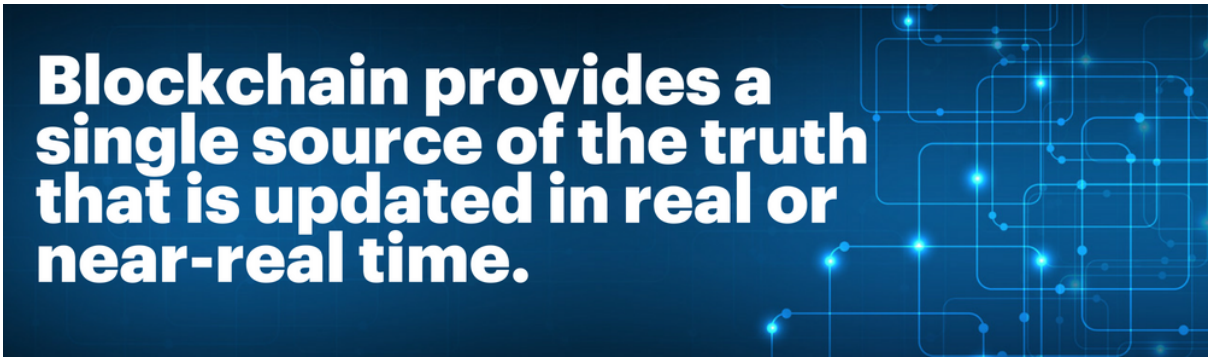
Source: Swiss Re Institute

China: supportive government policies and rising risk awareness to buffer COVID-19 induced slowdown



3. WHY THE BLOCKCHAIN

3.1 What is Blockchain?



The simplest way to explain would be "Blockchain is a shared, immutable ledger that facilitates the process of recording transactions and tracking assets in a business network. An asset can be tangible (a house, car, cash, land) or intangible (intellectual property, patents, copyrights, branding). Virtually anything of value can be tracked and traded on a blockchain network, reducing risk and cutting costs for all involved." - a direct definition from IBM.

3.2 Why ?

Smart contracts with blockchain technology can turn paper contracts into programmable code that automates claims processing and calculates liability for all parties involved. This is a much more efficient way to confirm the insured's affected assets and streamline the entire claims process, with automation that makes automation a major advantage of blockchain.

In this way, blockchain can drastically reduce administrative costs and help ensure consistency between different parties. Overall, blockchain can save insurance companies a lot of time, effort and money by reducing administrative costs.

Moreover, blockchain technology has the potential to create a digital history of assets that could help fight fraud and other crimes. For example, insurers can only share certain fraud cases - related data - with an insurer over a network, while maintaining adequate anonymity. A blockchain-enabled fraud register could very likely become a key element of the claims process facilitated by blockchain.

Blockchain technology has the potential to make the insurance industry more efficient and transparent.

Aspects of blockchain architecture will re-make the insurance industry. A serverless, transparent, decentralised ledger means claim histories can be permanently and definitively recorded. We'll be able to prove date and time of policy issuance, or product purchase date, and confirm subsequent ownership and location changes. The ability to authoritatively timestamp claims will see easier reconciliations for reinsurance and improved audibility. In some cases it may mitigate insurance fraud. The blockchain can deliver a higher level of transparency and trust; a welcome outcome given that 73% of people do not trust their insurer.

Smart contracts, which bring together payments and programmability, mean that insurance contracts can be automatically executed. Smart contracts can trigger payments when a set of conditions are met. Combined with the ability to record events immutably, it will allow for automated claim handling. Earthquake, flood and drought information pushed to the blockchain could eliminate the need for individual assessments, allowing for more transparent payment criteria and reduced settlement times.

In short, we are within reach of the near-complete automation of the insurance process.

Using smart contracts we can now encode on the blockchain financial instruments, public records, physical assets keys (locks), intellectual property (including proof of ownership) and other empirical data like the weather and traffic data. This information can be programmatically captured, and sensors, software or people can be used as oracles - trusted third parties used by the software to make decisions about insurance policies and claims.

4.NEXGEN PROTOCOL

The Nexgen Protocol bridges the technology gap between the insurance industry, 3rd party developers (Applications & IoT), and policyholders.

Unlike manually managed value chains, the Nexgen Protocol uses blockchain technology to create a decentralized ecosystem which connects insurers, their policyholders, and third-party developers, and seeks to provide access to a plethora of individually anonymous, but demographically identifiable data. The premium paid will enrich the total value creation of the industry. Furthermore, the created value is shared based on each stakeholder's contribution.

In recent years, adjacent industries (finance and healthcare) have been seeking new ways to access customer data. In the insurance industry, IoT, wearables and other smart technology can give highly relevant information about customers to insurance companies that can help them tailor-make plans and create insurance products which appeal to potential customers. For example; GPS and telematics tracking can inform insurance companies how fast someone drives, or suggest that a driver who regularly drives for long periods should schedule more breaks. Other technologies may track how often they go rock climbing, cycling, etc. Insurance

companies could also determine the amount of steps taken during a normal day as one measure of health.

Within the Nexgen protocol ecosystem, insurers, their policyholders and third-party developers can exchange blockchain-based tokens called Nexgen to buy and sell anonymized data.
Insurers will receive the data they want and have the opportunity to develop totally new or even better types of insurance products, especially for usage-based insurance segmentation.
Developers are incentivized to connect apps to the Nexgen Protocol to receiveNexgen, and policyholders are rewarded for sharing their anonymized data.

4.1 prediction trend market (PTM)

Each prediction market is created to predict the outcome of a particular future event. People who take opposing positions on the probability of the event cause a market price, which represents a consensus.

The blockchain is ideal for this because it's decentralised, transparent and cannot be manipulated. Smart contracts automate all aspects of market operation and oracles can definitively report event outcomes.

Using prediction markets, people can hedge their exposure to particular events. Let's say you live in a flood-prone area and can't buy flood insurance. You could buy "yes" tokens on the prediction of a flood in the next five years. In the event of a flood you would collect on your prediction and use the proceeds to cover your flood losses.

With PTM insurers attract an informed group of speculators because those who believe they have better prediction skills or more knowledge than the market are incentivised by economic gain. With sufficient diversity, their collective wisdom can be more reliable than estimates by individual experts or teams with the same background.

Prediction markets have the potential to become one of the most disruptive innovations in data science, which will have a strong effect on many industries, but there are significant regulatory challenges. Some governments are concerned that tokens used for predictions resemble gambling. We are confident that the efficiency of the system and its value as a market mechanism will be recognised over time.

4.2 smart contracts in insurance

Smart contract technologies underpinned by blockchain technologies could have a transformative impact on the insurance market. There are, however, a number of factors that could impede the uptake of smart contracts. The performance of a smart contract is mediated by technological means. This means the release of payments and other actions are enabled by technology and rules-based operations. The smart contract is not reliant on a human third party or central operator.

Smart contracts are typically automatic and irrevocable. Once initiated, the outcomes for which a smart contract is encoded to perform cannot usually be stopped, unless an outcome depends on an unmet condition or specific rules have been provided to the contrary.

The security and transparency afforded by blockchain technologies have been widely commented on, and there are clear applications for them without any

smart contract aspect in insurance placement, data sharing, know your customer, anti-money laundering and fraud prevention, the claims process and claims and general insurance record-keeping.

The modern conception of a smart contract typically depends on blockchain technologies. In simple terms, a blockchain is in effect a database that records each transaction in a "block". Typically, each block contains a hash that is unique to, and references, the previous block in the "chain". If any data in any block in the chain is later altered, this is immediately apparent to all participants of that blockchain, as that block's hash (and that of any subsequent block) will no longer correspond to the later block's record of that hash. The result is an indelible record.

Blockchain technologies are known as "distributed ledgers" as they operate on a distributed basis. That is to say, the record or ledger of all transactions is replicated in full on each participant's computer. They are highly transparent, because each participant has a complete, traceable record of every transaction recorded on the blockchain.

Smart contracts operating within a blockchain operate on a distributed basis. The participants (which could be a party to, or have an interest in, the smart contract) have access to the block within which it is contained. The relevant block can be public (for all to view) or accessed on a "permissioned" basis (and so only open to limited participants with such permission).

The benefits of smart contracts in insurance are clear and in theory should reduce insurer costs and lower premiums for policyholders and, importantly, improve customer experience of insurance products.

Automated claims payment processes linked to smart contract technologies will mean policy-holders will get paid more quickly in comparison to today's manual processes, where even non-contested claims payments can take weeks or months to be paid.

Smart contract processes should reduce claims administration costs, the risk of fraudulent claims and lead to reduced administrative costs for the insurer. With data fed into such technologies, policy adjustments could be made automatically in response to certain predetermined events or information received.

Smart contract developments in the banking sector are more advanced than those in the insurance market. Developments thus far have largely been limited to contracts such as ISDAs underpinning simple financial transactions such as swaps and trade finance deals.

4.3 Smart Insurance

Just as the blockchain guards against double spending of currency, it can ensure insurance policies are unique and valid. We will have unalterable, timestamped evidence of an offer and acceptance. The rules that govern underwriting, execution of new policies, assessments, claims handling, the repair process and payment can all be embedded in smart contracts. Clearly, that will require standardisation of insurance cover and will be more realistic in some insurance product types than others.

From the viewpoint of token holders, the smart contract would automatically govern the terms and timing of new policies as well as the management and distribution of pay-outs. This would disrupt the insurance industry by allowing any party to participate based on a set of predetermined rules.
Conventional insurance policies consist of two sections; standard wording and a schedule. The standard wording section describes the cover provided as well as rules, rights and obligations of parties. Those writing the smart contract must specify the terms and conditions under which an insurer is liable to pay. Perils and exclusions are likely to differ from conventional policies. For example, smart policies would not be appropriate where:

- The policyholder has more information about the likelihood of a claim than the insurer
- The claim event is under the control of the policyholder
- The claim event would be difficult to verify

- Loss can be considered as depreciation

The second section, the schedule of the policy would typically include:

- The details of insured object
- The excess or deductible
- The sum insured
- Optional coverage
- Premium and payment schedule

These are likely to vary by policy holder.

4.4 Black Box insurance

4.4.1 What Is Black Box Car Insurance?

Black box car insurance, also known as telematics insurance, is a type of auto insurance that uses technology to track and record a policyholder's driving behavior. The goal is to base the driver's insurance premiums on how much they drive and how safe (or risky) they are behind the wheel.

How Black Box Technology Works
Telematics relies on a combination of telecommunications technology, including wireless devices such as cell phones and GPS.

A "black box" is either physically installed in the car or downloaded as a smartphone app. It links to a GPS device that measures and records vehicle speed, location, distance traveled, driving frequency, and time of day the car is in motion. Other driving performance factors that can be measured include how hard the driver applies the brakes, how rapidly the car accelerates, and how sharply the driver may take a corner.

All that data is converted into a score, which the insurance Project can use to set a personalized premium rate for the driver. The better the score, the lower the premium should be.

4.4.2 How Insurers Use Black Box Technology

Auto insurers use black box technology for a number of purposes.

For example, some insurers offer pay-as-you-drive (PAYD) or usage-based insurance (UBI) policies. With a conventional auto insurance policy, drivers

typically pay a fixed premium determined in part by the number of miles they expect to drive during a certain period, such as six months. By contrast, with a PAYD policy, the driver only pays for the miles they actually drive. The black box device or app is how the insurer keeps track of this.

Other insurers use the technology primarily to assess how much risk a particular driver poses. They may offer refunds to safe drivers, provide a bonus mileage allowance for them, or renew the policyholder's policy at a lower rate.

We see potential for new insurance products that monitor information from the APIs in sophisticated machinery and equipment like cars, yachts and aircraft.

We can monitor device performance over time based on sensors in the equipment. Black Box insurance could be bundled with the vehicle by default. If required, the blockchain could receive data from external data sources to retrieve extra information. Quite quickly we would be able to construct performance norms and variations.

An accident would trigger an event, or the event could be manually reported. The system would immediately gather sensor data, then register the claim. Algorithms would combine historical data, machine learning and data to evaluate the damage, calculate the payout and finalise the claim. Initially, we would need a support team to resolve edge cases and monitor fraud but we believe that the protocol can evolve to fully autonomous insurance driven by AI and the blockchain.

4.5 Data Providers

Drones sales have tripled in the past year and will triple again, to seven million, by 2020.

We will partner with manufacturers whose devices already collect data that informs insurance and actuarial work.

These include makers of drones, sensors, WiFi-enabled and GPS-equipped devices and vehicles, and consumer goods. Collectively, these devices and their metadata are the new big data inputs to numerous risk-sensitive markets.

Drones will have a significant impact on the crop insurance market, allowing us to delineate marginal soils as well as predict and assess the extent of crop failure. Checks for building damage post-earthquakes will sensibly be done by drones in future.

Insurance assessors will use drones to evaluate storm damage instead of risking life and limb on damaged roofs. At other times they'll get a composite picture of snow build-up on roofs. Where fire is a risk drones will survey electricity poles and wires for maintenance levels, and evaluate firebreaks.

Local governments or their insurers will visually document pavements, roads and potholes; gas companies will automate pipeline inspections.

Pressure sensors in public utilities, temperature sensors in hazardous environments, soil moisture sensors on farms: all these record history and predict risk.

Some of the data collected will improve risk assessment, some will influence policy specifics and some will help process claims.

This is a key point of difference for NEXGEN. Our partnerships with data providers will be built around our technical insurance knowledge, IT systems integration and blockchain expertise.

5.ROADMAP

Phase 1
Development v1.0
Ethereum blockchain smart contracts are written to control policy issuance, risk assessment and claim processing. A user interface exists for the insurer to manage all insured devices. Smart device-tracking software use cases are developed for issuing claims automatically.

Phase 2
Development v2.0
Ethereum blockchain smart contracts are updated to deliver prediction market functionality. The user interface allows stakeholders to operate and manage their portfolio of insurances underwritten. Back-end infrastructure is created for off-chain data collection and calculation.

Phase 3
Alpha version release - nexgen.network
Public release includes the nexgen.Data Platform part with User management and Data set Upload functionality. This new release combines all 4 Nexgen Platform parts (Data,Predictions, and Insurance) and will be continually updated

with new releases to allow stakeholders, underwriters, specialists, insurance enthusiasts and other people to participate.

Phase 4
Alpha release
New release for nexgen.Data Platform part with Insurance Risk Model upload functionality and social features. Integrating MetaMask to Platform for signing on-chain transactions to allow stacking of NXG tokens in nexgen.Predictions part with next release.

The first release of nexgen.Predictions smart contracts and UI - Light version of Prediction markets (First Proof-of-Concept prediction market for Insurance) using nexgen.Data insurance risk models (built internally or crowd-sourced).

Phase 5
Public Beta Release
Stable and functioning NEXGEN.Prediction markets smart contracts and Platform UI. Research and development for NXG token staking in NEXGEN.Prediction markets for new release. Data from data prodivers is integrated in NEXGEN.Data using API and can be used in crowd-sourcing insurance risk models.

Phase 6
Full Beta Release
The full scope of Insurance smart contracts on Testnet environment, governing and using all NEXGEN Platform parts - NEXGEN.Data (eg. data as basis for new insurance risk models), NEXGEN.Predictions (staking NXG tokens and earning rewards) and NEXGEN.Insurance (first live insurance contracts for IoT devices, digital assets or partners services based on NEXGEN Platform and Protocol).

Phase 7
Mainnet Release
After successful roll-out of NEXGEN Platform and Protocol on Testnet environment, the use of NXG token for prediction market staking and creating new Insurance services and products is open for general and insurance audience. Research and development of integrating other blockchain based insurance products on NEXGEN.Insurance platform part.

Phase 8
New Mainnet Release
Research on tokenized insurance risk pools and tokenized outcomes from NEXGEN.Prediction markets. Research and proof-of-concepts for machine learning, real-time pricing algorithm, analytical platform and tokenized insurance risk pools.

Challenges

We believe that Ethereum is the most appropriate platform for this project, and are pleased with progress made to date. We are well aware that much work is to be done and that significant challenges exist across the Ethereum community in managing transaction costs and the scalability of the platform. We will be applying ourselves to this work.

Other challenges include raising awareness of the NXG on a limited marketing budget as well as finding appropriate IoT and data-sharing partners and negotiating satisfactory financial arrangements.

Although it is simple to automate a transaction, it is difficult to code in a smart contract what happens when parties to a contract do not perform as they are expected to or are simply in breach of a term of the contract.

In insurance, this problem is made worse by insurance-specific nuances such as pre-contractual disclosure obligations. Insurance is also a regulated market and so the concerns of regulators, particularly in relation to consumer outcomes, must be considered and catered for. Added to that, there are difficulties arising from the fact decisions of underwriters and regulators are often of an extra-contractual nature.

Given the difficulties with automating such matters, it is possible that in the short term more complex matters may be a hybrid of smart contracts automating the deal fundamentals (such as payment) with a linked written document dealing with the more complex or sensitive aspects of the arrangement.

The legal analysis may differ depending on (among other things) the type of smart contract deployed (for example, does the smart contract purport to constitute, or to merely perform aspects of, a contract?), the particular circumstances surrounding such use, and the applicable law determining the issue. Businesses proposing to use smart contracts would be well advised to

obtain a regulatory and legal assessment for any deployment that is likely to pass the proof-of-concept phase.

6. THE NXG TOKEN

We are aware of the successful and increasing use of crowdsourced intelligence in stock markets and forex markets. We are applying that methodology to insurance. NXG is a utility token which entitles holders to participate in our insurance prediction markets. Accurate predictions are rewarded with reputational benefits as well as additional tokens. The incentives are designed to ensure strong, on-going demand for these limited-supply tokens.

Members will receive NEXGEN NXG token rewards in return for telling us whether they are bullish or bearish on particular insurance markets or products. **We use a 'proof-of-stake'/'proof-of-reputation' algorithm** based on **token ownership and an immutable reputation score stored on the blockchain**. It takes into account the current weight in the prediction market, mechanics of insurance pools, the user's proportion of total NXG tokens, and their reputation score.

As well as predictions, the NXG token will allow members to submit proposals for product improvements, making PTM a tool for product development. A vibrant community of smart insurance enthusiasts is critical, and we will attract those people by rewarding accurate predictions.

The NXG tokens are non-refundable functional utility tokens, do not in any way represent any shareholding, participation, right, title, or interest in NEXGEN or any other Project, enterprise or undertaking, nor will NXG tokens entitle token holders to any promise of fees, revenue, profits or investment returns, and are not intended to constitute securities in Singapore or any relevant jurisdiction. NXG token will be consumed through interactions between participants on the platform.

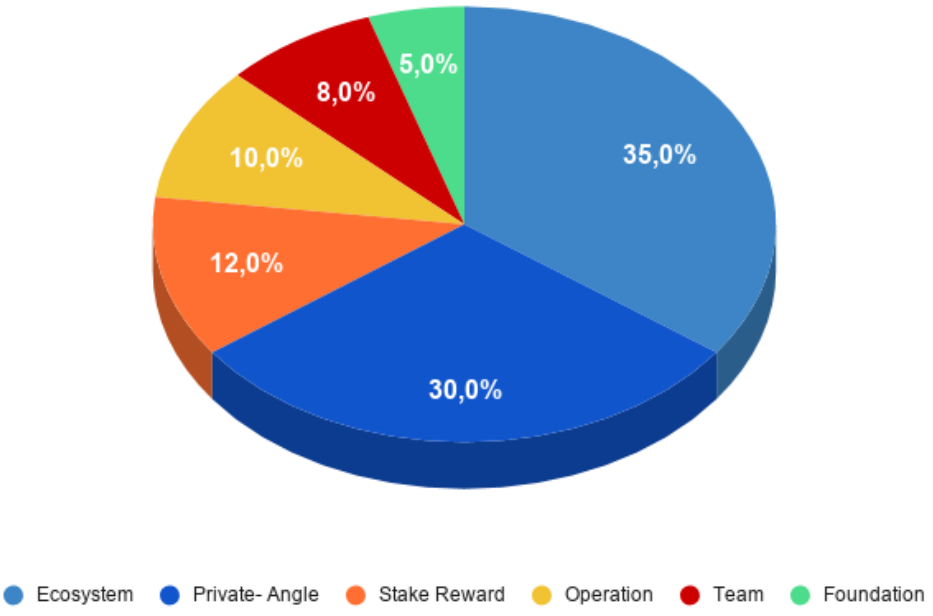
Token Issue summary

Mission	NEXGEN is an autonomous insurance network - fully automated insurance for IoT devices and a platform for insurance innovation built around data.
Token name	NEXGEN

Token Symbol	NXG
Token type	TRC 20
Price	0.01 USDT
Handover of tokens	With smart contract exchange
Trading	Trading on exchanges commences 2nd quarter of 2021

Token allocation

Token Name	Symbol	Total Supply	Platform	Decimals
NEXGEN TOKEN	**NXG**	**500,000,000**	**TRC-20**	**18**



- **Ecosystem - 35%**
- **Private- Angle - 30%**
- **Stake Reward - 12 %**
- **Operation - 10 %**

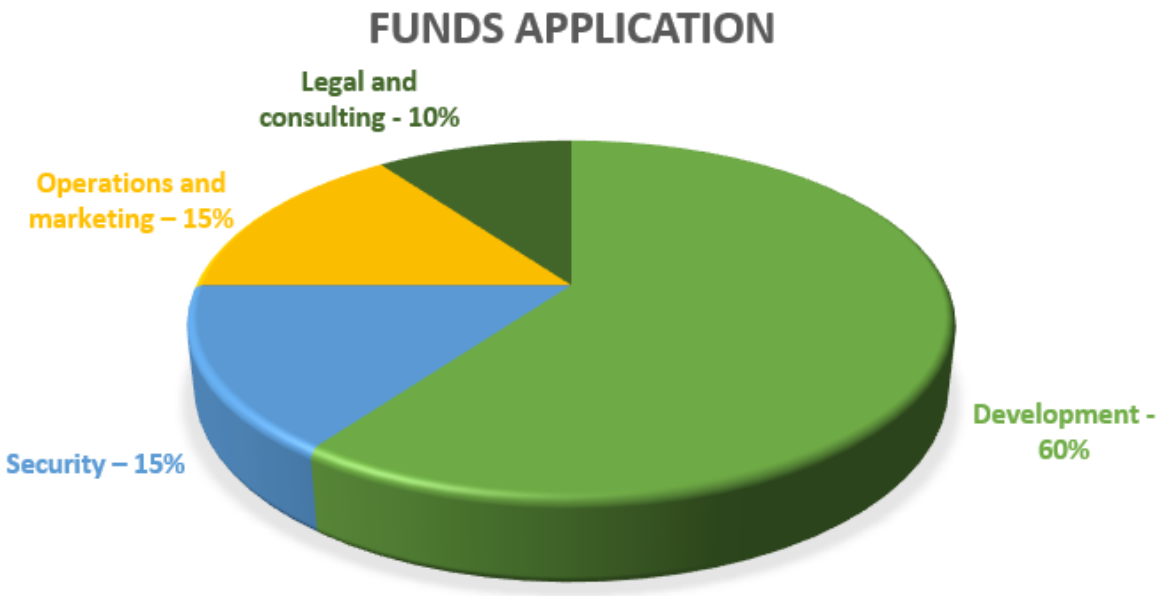
- **Team - 8%**
- **Foundation - 5%**

Token distribution

We aim to engender confidence and trust within the NXG token holder community. 80% of all NXG tokens will be distributed. This includes the NEXGEN token sale, community initiatives and incentives for the supporting ecosystem.

		Use of proceeds
52 %	Distributed to public during Token sale	Contributions will be used to develop the protocol and the platform, and to fund security, legal and operational needs.
35 %	Ecosystem and community initiatives	Comprises education initiatives, incentives to developers and data providers to create new insurance modules, and incentives to prediction market participants
13 %	NEXGEN team and advisors	These are placed to acknowledge the time, effort and resources contributed to the NEXGEN protocol and platform. We include a portion reserved for future team recruitment. The NEXGEN team and advisors receive their tokens as part of their compensation package, and team tokens will be vested for a twelve month period.

Application of funds



Blockchain insurance protocol development – 60%

A large part of the budget will be applied in four areas:

The creation of ongoing development of our insurance blockchain protocol
iOS and Android application and platform
API integrations
New features

Security – 15%

Implementing security for the NEXGEN network

Principally this will involve the auditing of smart contracts governing the protocol and its interactions with off-chain data sources

Operations and marketing – 15%

Additional staff and resources to cover day-to-day operations and prudent management as the organization expands. This will include further development of business processes and the preemptive recruitment of experienced operational management.

Legal and consulting - 10%

We are acutely aware of the need for rigorous compliance. We will need our own well-resourced legal department and access to specialist legal advice. Our principal concern of course is to fit within complex regulatory frameworks across the globe. In this regard, we have instructed Asia Practice LLC, a boutique corporate law firm in Singapore, to advise on the NEXGEN token sale.

Percentages are estimates only and budgeting will be re-cast once fund-raising is complete.

Conclusion

We at NEXGEN believe that the future of insurance will be defined by blockchain and crypto technologies, helping create new digital insurance services geared for the mobile and digital world. The emergence of the IoT industry and growth of smart devices will unlock a potential for insurance services, and unlocking crowd-sourced intelligence which can help understand the data and apply new algorithms for risk and pricing, and thus can offer convenient and easy to manage insurance products. This can be achieved only by using a decentralized blockchain platform, as the basis for creating insurance protocol, which can be embedded in any device in the world.

With our Token Sale, we want a wide range of people to participate in this long-term journey and create a success story by changing how insurance should work in our new digital age.