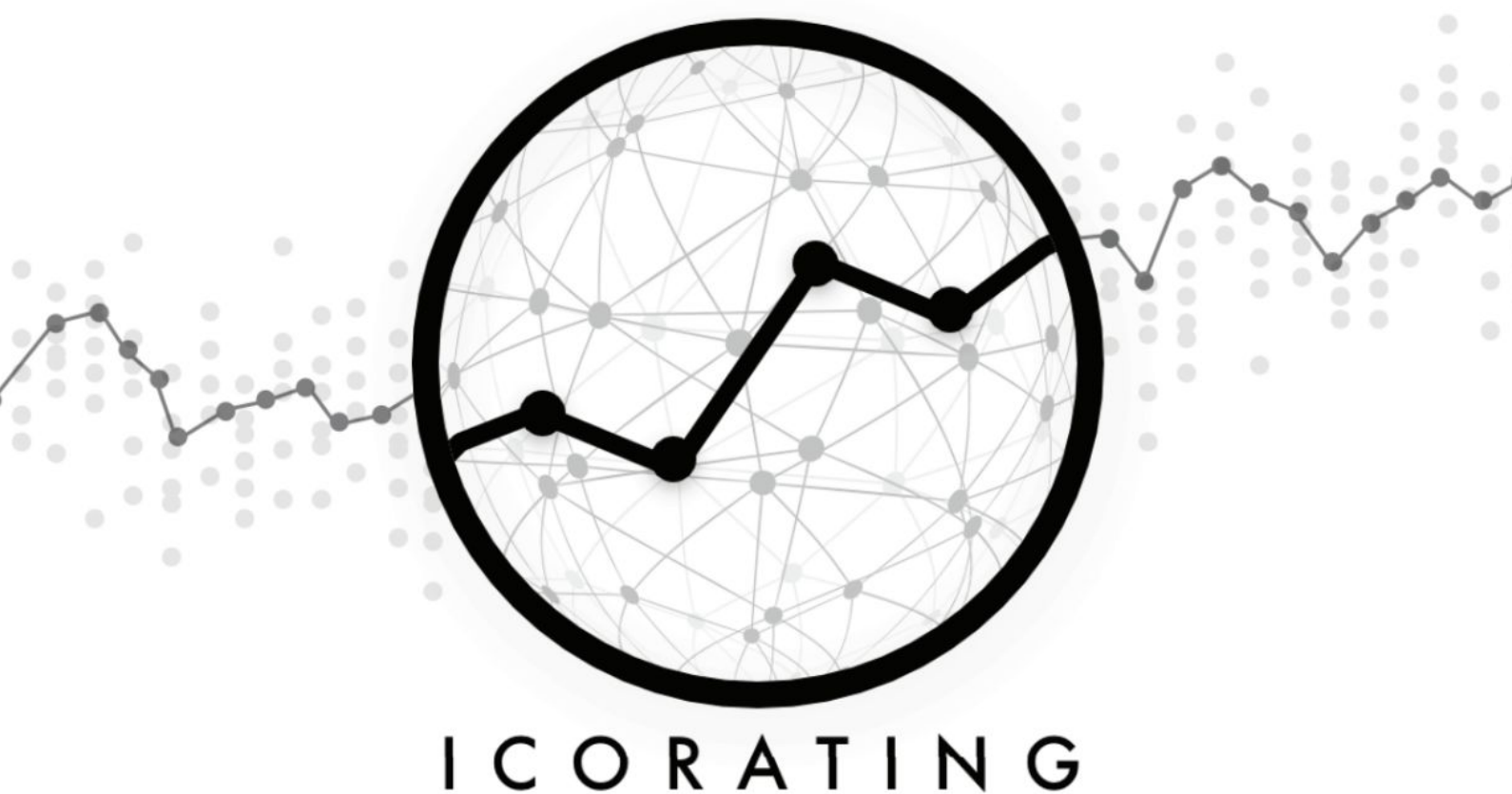


ICOrating

REGA Rating Review (<https://www.rega.life>)

ICO dates (17.10.2017 — 15.11.2017)



I C O R A T I N G

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1. Ratings

We assign REGA Risk Sharing a "Stable+" rating, and recommend participating in the REGA pre-ICO, during which RST tokens will be offered with a 50% discount. For the main ICO, we recommend buying RST tokens exclusively for diversified long-term portfolios of crypto-active assets. Currently the speculative potential of tokens is not possible to estimate, so we recommend monitoring the information background around the project.

REGA is a very carefully and professionally worked-out project, in welcome contrast to the majority of raw start-ups planning their ICOs. According to the roadmap, the project has an operational prototype for its initial service, Lexi Club, and developed models for further operations. The team are well-qualified, which is further confirmed by the high level of preparation of the ICO documentation.

There is an unhedged currency risk for the REGA project when quotations of ETH / USD fall. This risk is inherent in all projects whose cash flows are denominated in both fiat and crypto currency. It is also worth pointing out that in certain aspects, REGA ideas are clearly ahead of their time, which can delay the implementation of roadmap items, and the growth rate of reserves as a result.

RST tokens, in our understanding, will be attractive in the long term (more than two years ahead.) By this point according to the REGA financial model, the exponential growth of reserves and thus the increase in price of the token will start to occur. Before this point there are no fundamental reasons for an increase in the RST token price. However, the market most often pre-determines expectations of future results in the current price of the exchange asset. There is a high probability that this will happen with the RST token, so the positive trajectory of the token quotation dynamic should be proportionally more smooth and regular.

The hard cap of the project looks adequate, and the project has attracted interest in the market due to the involvement of Altair Capital as an investor¹. Provided that the quality of the ICO marketing campaign is high, we believe that REGA tokens may be attractive for speculative purchases.

2. General information about the Project and ICO

REGA Risk Sharing is a platform for providing insurance services in the form of p2p between individuals and groups, based on blockchain technologies. The founders formulate a comprehensive definition of their project - a crowdsurance platform, introducing the concept of crowdsurance, a new one for the global insurance market. The term refers to the possibility of creating a guarantee of compensation for unforeseen financial losses at the expense of the community.

In fact crowdsurance can bring the concept of insurance to a new level of p2p interaction, where efficiency is significantly increased and costs are reduced through the absence of intermediaries and infrastructural costs. Standard intermediary insurance functions such as security of transactions, formation of insurance reserves, risk management, actuarial calculations, etc. are replaced by a combination of blockchain and off-chain technologies on a single platform called REGA Risk Sharing.

The project has grown from the Lexi Club startup (<http://lexiclub.org>) and the iNSTANCELOAN scoring system, being a logical development of these two projects. At the same time, iNSTANCELOAN is a fully working scoring and underwriting system used by major players in the banking sector and insurance market in Russia and the CIS.

Website: <https://www.rega.life/>

Whitepaper: <https://rega.life/regawhitepaper.pdf>

Twitter: <https://twitter.com/REGA20847530>

Facebook: <https://www.facebook.com/REGARISKSHARING/>

Bitcoin talk: <https://bitcointalk.org/index.php?topic=2151094.0>

GitHub: <https://github.com/REGA-RS>

Telegram: <https://t.me/REGARiskSharing>

ICO start date: 17 October 2017

ICO period: 30 days, until 15 November 2017

Soft cap: 20,000 ETH (approximately \$5.6 mln)

Hard cap: 150,000 ETH (approximately \$42 mln)

Token: RST, standard ERC-20

Price ICO: 1 RST = 0.1 ETH

Accepted currencies: ETH

Total emission: 3,000,000 RST (800,000 - early bird, enthusiast; 30,000 - presale)

Token distribution:

50% - for sale during the ICO

40% - REGA Platform

5% - Advisory

For sale: 1,085,000 RST (50%)

Funds allocation:

40% - Development

20% - Marketing;

15% - Operations;

15% - Services infrastructure;

10% - Super pool capitalization.

Bonuses

:

A traditional system of bonuses is absent. However, two days before the main ICO, two additional placements will be held at a discount (crowdsale early bird over two days, crowdsale enthusiast over one day): 20% - Oct 15, 2017; 10% - 16 Oct 2017. In fact, these offers replace a standard bonus system.

It is important that if an intermediate maximum is reached within a particular stage, the crowdsale is suspended until the next stage begins.

3. Project services and their usage

The REGA Risk Sharing platform is a set of insurance services against various risks. The platform also includes risk management (scoring models, control of reserves and a voting mechanism for the tokenholders) and insurance reserves (pools) from which payments are made in case of an insured event. There is also a fraud prevention add-on.

REGA has announced 5 separate insurance products and services: Lexi Club (Pet); Gadget protection (Gadget); Parametric crowdsurance (Parametric); Car protection - (Car); Property protection (Property) and Health crowdsurance (Health).

Lexi Club (Pet)

The Lexi Club product is the first in the roadmap and is the key product in the REGA line, as the crowdsurance platform grew out of the startup of this name. The product protects people from unforeseen financial losses due to injuries or illnesses of their pets.

Insurance for pet owners is quite common in the US and Europe. The founders estimate the volume of the market at \$103.5 billion, with a projected growth of 4% per year. The product is popular in developed economies primarily due to the high cost of treatment at professional vet clinics. REGA positions its product as a service for the millennial generation, since many of them breed purebred, expensive pets. They will be interested in taking care of their pets' health and at the same time controlling the costs.

The process of obtaining insurance services for a pet owner is possible by integrating off-line processes into online. To confirm the existence of a pet together with its characteristics, the owner must send a photograph of it to the Lexi Club chat bot and in case of an accident, visit an authorized Lexi Club vet clinic, where the pet will receive medical services; after which information about this visit will be transferred to Lexi Club.

The Lexi Club service is based on using relevant IT developments to minimize human participation in the insurance process and in the case of an insured event. This makes it possible to virtually eliminate the human factor (error), to maximize the requirement of system monitoring and to significantly reduce the operational costs of the service.

A pet owner's interaction with the REGA system occurs through a chat bot, whose functions include support of the KYC process and informing about available products, forming a proposal to the client, assisting in the process of payment and working with the client in the case of an insured event. Also, the chat bot acts as an online consultant throughout the entire process, helping at every stage. This can be useful when visiting a vet clinic, preparing documents to confirm an accident, etc.

The process of identification of a pet, determining and confirming the amount of insurance premium is based on the technologies of machine learning, computer vision, evaluation via scoring of crowdsurance members - all this happens without human participation. After acceptance of the offer, REGA creates an individual smart contract (Member Smart contract) which contains all data about the owner, the pet, payment conditions and Lexi Club obligations. In this case, the agreement is integrated into the blockchain, which ensures the security and transparency of the transaction.

After the first payment by the client, in parallel with the creation of the member's smart contract, a virtual ID Lexi Card is created within the service, which is a confirmation of membership of the crowdsurance community. Activation of the Lexi Card occurs after 5 days to avoid fraud, after which the client has opportunity to access the system in case of an accident. When requesting compensation for expenses, the system verifies the Lexi Card.

Payments from the client, as well as insurance payments in the event of an accident come in fiat currency, but in the REGA system cash flow is denominated in ETH crypto currency. The conversion of fiat to cryptocurrency is made by the system in offline mode, finding the second party for the transaction if necessary.

Currently, REGA already has a working prototype of the Lexi Club service (<http://lexiclub.org/>) - which is already launched in Moscow and the Moscow Region. Volumes are not yet high: there are 160 participants and 6 partners on the platform; 7 insurance cases were recorded. REGA indicates that the prototype service was launched to test the technology on the real market; almost no marketing campaign and legal support have taken place. In combination with the fact that pet insurance is not a popular service in Russia, these figures should not be extrapolated to developed markets, since they do not reflect the real potential of the product.

Nevertheless, the working product gives an idea of the final scheme for working with clients, since it already uses most of the stated REGA technologies. The complete cycle for working with a client is as follows:

- With the help of Telegram, Skype or Facebook, identification (KYS) is performed and interaction via chat is initiated;
- A photo of the owner and his pet is sent to the bot, an analysis is performed by the REGA system (identification, checking for database availability, etc.);
- The system uses a scoring model for the calculation of the contribution;
- The chat bot exchanges the fee in fiat for cryptocurrency, independently finds a buyer, forms a member smart contract and issues a Lexi Card (activation after 5 days);
- In the case of an accident, the pet owner applies to the clinic (help from the chat bot is available, such as consulting the necessary procedures), then sends a photo of the pet from the clinic with the geolocation and an invoice for the treatment to REGA.
- The system checks the documents and confirms payment automatically when the account is under \$50, otherwise it is triggered by expert voting procedures.
- The bot reimburses up to 80% of the costs of veterinary services from pools, independently converting cryptocurrency into fiat (p2p transaction).

Gadget protection (Gadget)

As a feature of the REGA platform, the team plans to launch a mobile device protection service, through which a gadget owner will be protected against financial losses in the event of a breakdown. This type of service arose not long ago with the growing popularity of smartphones, their functionality and cost. The prevalence of smartphones, especially in developed countries, creates a market for their services. The REGA team claims testing of the prototype of a REGA app for Android and iOS gadgets. Services are provided with a competitive price for owners of gadgets which are in use for no more than 3 years. The principle of the service is unlikely to be different from Lexi Club's, with one exception: the ability to transfer operations online with a gadget is much broader than with the pet service.

In addition to mobile devices, Gadget protection also plans to cover a completely new segment - drones. Over the past few years, the improvement of technology and the growing popularity of drones have made possibility to use their capabilities in everyday life and in business. The most active attention was paid to e-commerce drones, which gradually introduce the use of drones for the delivery of goods. Considering the wide price range of such devices and transported goods, REGA hopes to use Gadget protection service to provide crowdsurance of drone protection and drone cargo protection products.

Parametric crowdsurance (Parametric)

The REGA platform allows the development of the Parametric crowdsurance service, which allows you to insure the client for a variety of events: from weather conditions to transport collapse.

The implementation of this product could be even simpler and more secure than all other REGA services: the platform uses one of the authorized parameters to determine the insured event and forms a proposal to the client due to that; Further, by tracking online data from various sensors or detectors, the system determines the event occurred and the insurance event. Using open and legitimate electronic sources of information can significantly reduce the operational costs of REGA, minimize the human factor and maximize security.

REGA does not disclose an exemplary list of service products (events or parameters, protection from which will be provided) but gives possible variants of use:

- A farmer can use the service, insuring his crops against long spells of dry weather, in which case the REGA system will receive weather data from the weather service and if, for example, 20 days of drought passes, the farmer will receive compensation from the pools.
- A tourist who bought a plane ticket can receive financial protection from losses associated with delay or cancellation of the flight. In this case, REGA will use the data from the airport and the air carrier to determine the insured event.

Car protection– (Car)

This service provides insurance for car owners by forming a Car Protection Pool. Auto insurance itself has long been common and familiar to the consumer, but REGA offers new ways of automating the process - registering an insurance event with the help of drones, which will minimize the costs and incidents of fraud.

In the event of an accident, REGA client uses a mobile application or chat bot for notification, after which a drone is sent to the scene of the accident, makes a photo and video recording of all the details and vehicles participating in the accident. The data is transferred to the system, and a decision is made to match the conditions specified in the smart contract.

Of course, the idea of using drones to determine an accident remotely (which means the elimination of bureaucratic procedures and people) is very interesting, but its implementation in the coming years is difficult to imagine even in developed

countries. While this idea is more at the level of developers' imagination, who knows how fast the technological progress will develop? Moreover, it is necessary to pay tribute to REGA in that unlike many other ICOs, all technological possibilities for launching such a system are available.

Property protection (Property)

This service provides an opportunity to insure real estate. REGA is also planning to use drones to automate the process. With their help, it will be possible to evaluate the property through photo and video fixing its state, assessing damage in case of an insured event, and identifying the owner remotely.

REGA sees the use of smart home technologies in the development of the concept of Internet of Things as another possibility. Data from smart home systems can be transferred to REGA for processing, after which the system will formulate an offer to the owner of such a house or, for example, make a decision on damage compensation. In combining the technologies of drones and smart houses REGA sees the potential for significant cost reductions.

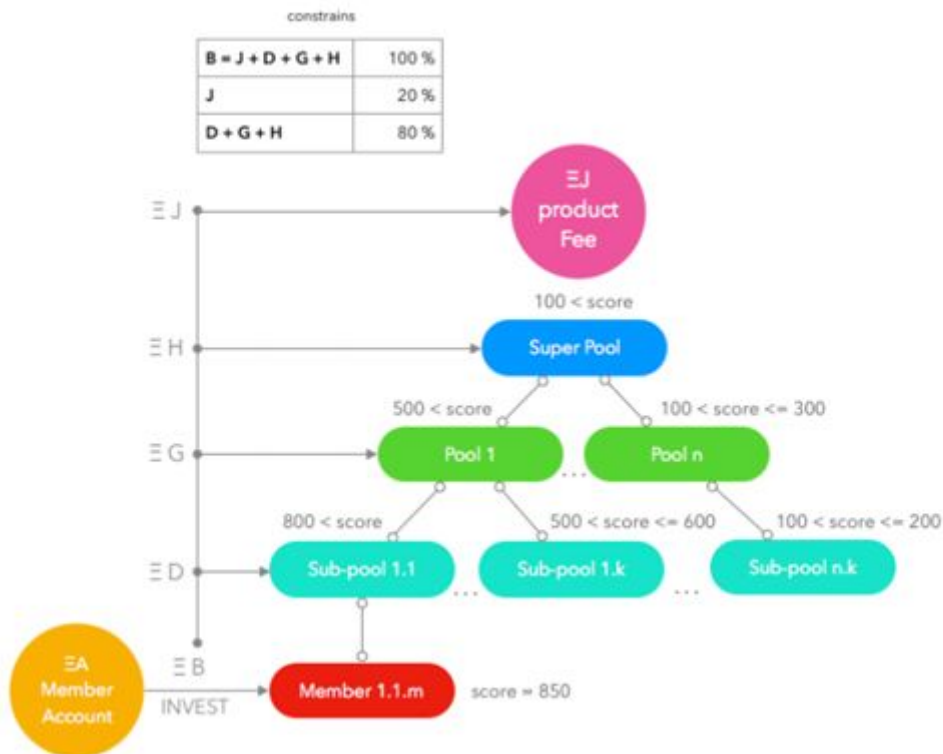
Health crowdsurance (Health)

This service provides a possibility for financial protection from accidents (life and health insurance). Health is the final stage of the development of the REGA product line, and it has the greatest financial potential. As you can see from the Market Review section, this is related to the total volume of the life insurance market, in which more than half (55%) of all premiums are concentrated. At the same time, the social component of this market segment contributes to the increased attention of regulators and the presence of bureaucratic barriers. All this does not work in REGA's favor - entering the life insurance market will require serious investment.

The project team also plans innovations in this field. Parametric data from wearables, smartwatches, fitness trackers and other devices can be used as big data within the service. Another source could be healthcare databases. All this significantly increases the effectiveness of REGA risk management, which means lowering the cost of insurance for customers.

Pools

The functioning of REGA ecosystem services is impossible without the creation of insurance reserves (Pools). Pools replenish from contributions received from participants and are structured as a hierarchy based on the risk level (score).



The lowest level in the hierarchy is the sub-pool, in which the member smart contract is grouped (the smart contract of the insured person, in which all conditions are defined) over the narrowest score range. In case of an insured event, the corresponding sub-pool is the source of payments. In turn, all sub-pools are grouped into a pool, score range of which is wider. When the sub-pool is exhausted, the system sends a request to the corresponding pool.

The highest level in the hierarchy is the Super Pool, which combines all the other pools, being essentially a pool of pools. In comparison with traditional insurance, Super Pool performs the function of reinsurance. The significant difference for a Super Pool is that its capitalization is formed not only from payments, but also through the issue of Super Pool Smart Token (SPT).

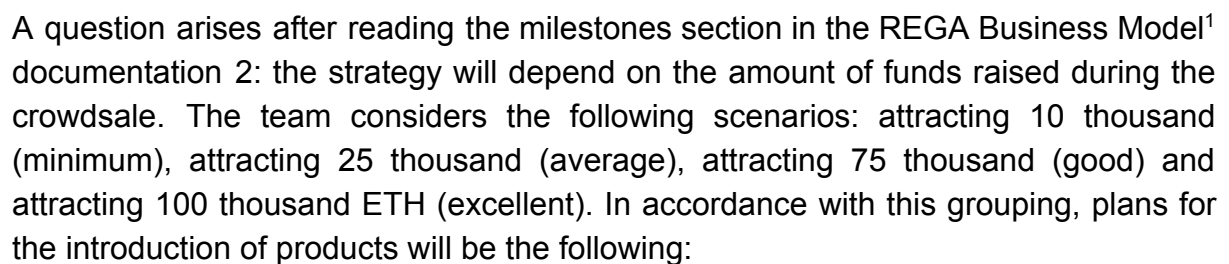
SPT tokens can only be exchanged for RST tokens in a 1:1 ratio, which, using the Bancor protocol, means Reserve ratio = 100% (CRR = 100). Smart contract of SPT tokens implies the presence of the HOLD method, when tokens are suspended for a number of months. The reason for this action is the need for disposal of super pool-attracted reserves. SPT token holders, in turn, are eligible to manage a super pool expert license model, receiving compensation in the form of a super pool expert fee. Purchasing SPT, the participant undergoes additional KYC / AML procedures; this ensures a qualitative composition of the tokenholder.

Fraud prevention

Given the desire of the founders to automate the services and the entire process, offline procedures in REGA are minimized. The consequence of this is the problem of dishonest use of the services. In particular, in the example of Lexi Club, we see that the process of identification of the pet and the owner takes place via a photo; confirmation of expenses in the event of an accident occurs via a photo as well. Nothing prevents a potential fraudster from taking a picture of another's pet twice and invalidating an invoice. In this case, the team reveals a method for fraud prevention.

For the purpose of fraud prevention, REGA uses a data scoring model, existing information about the payment request and the rules of the pool. REGA uses two solutions for working with the available data - neural networks and cross-matching. In the white paper, REGA gives an example of the simplest neural network for processing a payment request, and also describes the cross-matching method.

A roadmap is presented in the REGA white paper; however it gives only a general idea of strategic business development plans. The product roadmap is given below:



Minimum	Timeline	0	12	18	24	36
			Pet US	Pet EU	Gadget EU	Car US
Crowdsale (ETH)	RST #			Gadget US	Parametric WW	
10,000	200,000					

¹ <https://rega.life/regabusinessmodel.pdf>

AVERAGE	Timeline	0	12	18	24	36
			Pet US	Pet EU	Gadget EU	Car EU
Crowdsale (ETH)	RST #			Gadget US	Parametric WW	Property US
25,000	500,000				Car US	Property EU

C) Good scenario

GOOD	Timeline	0	12	18	24	36
			Pet US	Gadget EU	Car US	Property US
Crowdsale (ETH)	RST #		Pet EU	Parametric WW	Car EU	Property EU
75,000	1,500,000		Gadget US			

D) Excellent scenario

EXCELLENT	Timeline	0	12	18	24	36
			Pet US	Gadget EU	Car EU	Property EU
Crowdsale (ETH)	RST #		Pet EU	Parametric WW	Property US	Health US
100,000	2,000,000		Gadget US	Car US		

It is noteworthy that according to the data indicated on the website, the maximum hard cap of the project will be 150 thousand ETH. This is one and a half times more than in the 'excellent' scenario. The team is planning to add the difference into the super pool.

We also note that 24 months after the ICO, the team intends to introduce car insurance. Will the penetration of technology be at the desired level in two years? In other words, will drones habitually arrive at the scene of an accident in a European city within two years from now in order to independently photograph car damage and provide all the necessary information for expert assessment of the culpability of the insured person? This is a very complex and controversial issue, the answer to which depends on the founders.

5. Market Review

The volume of the global insurance market in 2016 according to the Swiss Re Institute Sigma (Swiss Re is one of the largest reinsurance companies in the world²) amounted to approximately \$4.7 trillion, \$2.6 trillion of which is global life premium and \$2.1 trillion is global non-life premium. The market grew by 3.1%, and the growth rate slowed down from 4.3% compared to 2015. The main reason for slowing the pace of market growth is the dynamics of DM markets (USA, Japan, advanced European countries) - this has traditionally been restrained in recent years. African countries and Latin America also look weak. In turn, Asian countries, the key ones for the global insurance market, show more than a strong dynamic. Thus, the PRC market grew by 25% to \$264 billion, India by 9.1% to \$80 billion.



Regarding the target market for REGA, the aggregate estimate can be safely reduced by the value of life insurance (\$2.7 trillion). Coverage of this type of insurance is planned by the authors as a last step in the roadmap, and only if the most favorable scenario is realized (or with additional funding). Declaring plans for the introduction of life insurance, currently REGA focuses on new products for the market (Pet, Gadget, Parametric crowdsurance) and more traditional (Car, Property). In our opinion, this is an extremely balanced approach, since life insurance involves the most complex and regulated products. The team needs to develop many nuances before forming an offer for the client; to work out the legal side of the issue. With life insurance there is also protection from market risk, because unlike other insurance products, life insurance remains a tool with a long duration of premiums. Entry into the life insurance market can be very attractive for a potential investor.

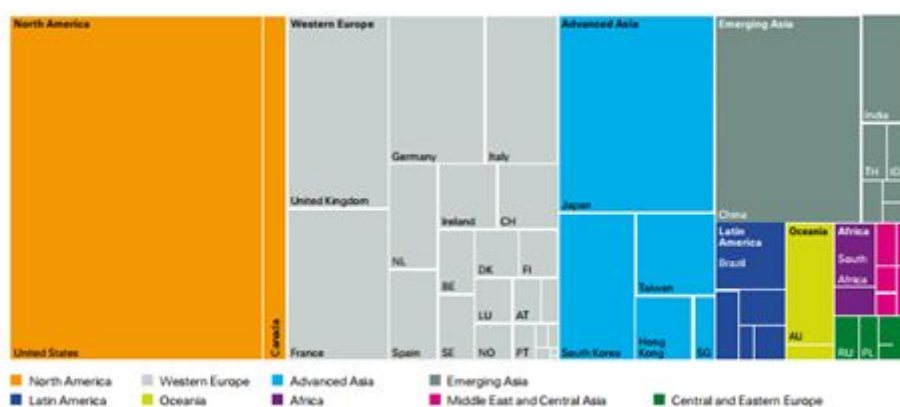
² https://www.tsb.org.tr/images/Documents/Teknik/sigma3_2017_en.pdf
http://www.swissre.com/library/Global_insurance_review_2016_and_outlook_201718.html

In general, we can talk about the coincidence of vectors of general economic indicators and the volume of insurance premiums, but within the insurance market there are some features that make the outlook on the prospect ambiguous. REGA points this out in the white paper: Insurance markets in developed countries are largely conservative (against the background of other more technologically advanced financial markets), their participants often continue to use traditional insurance products in the framework of well-established business models.

Thus, one of the central themes of the annual survey of the Swiss Re Institute Sigma for 2016 was the penetration of digital technology into the insurance market, in terms of access to online insurance companies and the provision of stand-alone web services to work with the client. Nevertheless, when the whole world is discussing the possibilities of using neural networks and AI, also posing a question of eliminating intermediaries in virtually all areas via use of blockchain, it seems odd to talk about the technical aspects of buying an insurance company policy online.

The worldwide insurance market is characterized by an unsteady concentration of the volume of premiums paid. The United States share is about 29%, roughly comparable to the market share of developed European countries. REGA identifies these markets as key, which is quite logical - there is a high degree of penetration of services into society and at least some potential for consumer adoption of technological products. In addition, a number of services are based on use in the near future of third-party technologies (drones, parametric services, etc.), which would be used primarily in the US and Europe.

Figure 6
Total premium volumes by region, 2016
(click chart to open in sigma explorer)

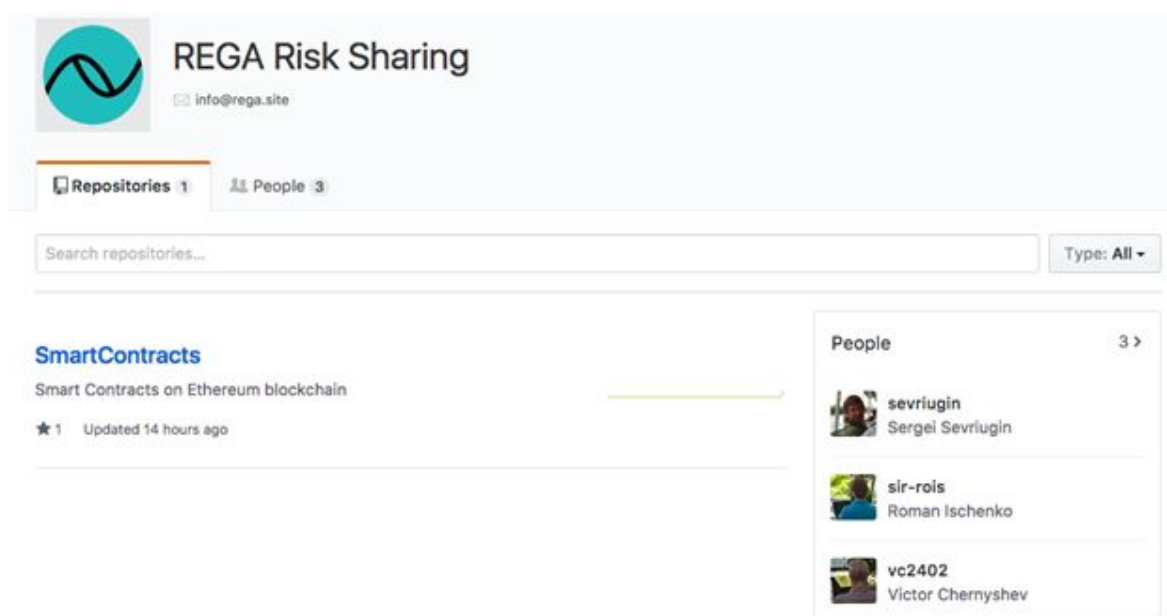


Source: Swiss Re Institute.

6. Engineering Features of the Project

Technical development of the system is performed in open source mode. Source codes are published in the repository on the GitHub website³.

Currently only repositories for the development of smart contracts are laid out. According to our estimates, the development in the github-repository is proceeding well.

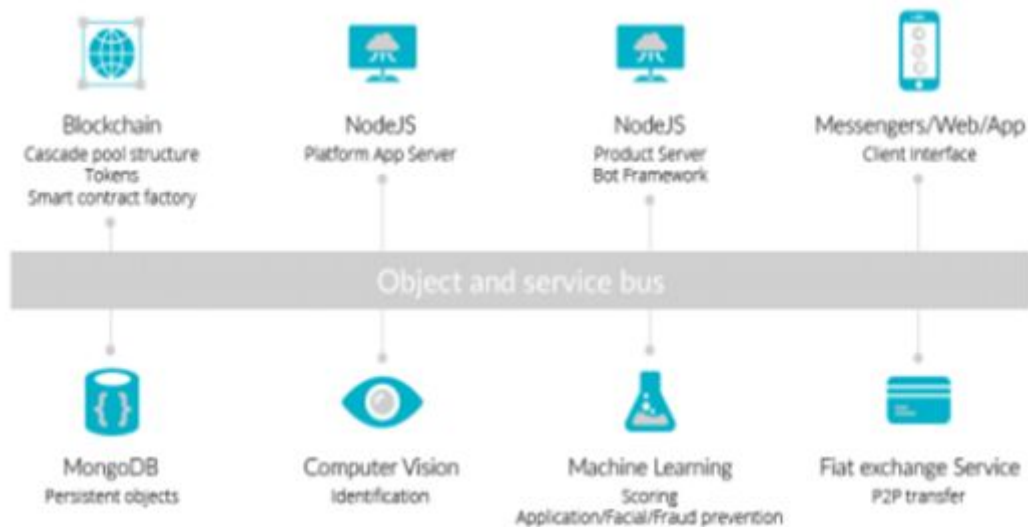


The co-founders of the project, Roman Ischenko and Sergei Sevriugin, are involved in its development.

Analyzing the technical documentation of the project, the following basic architecture of the system can be distinguished:

1. Off-chain processes. The off-chain aspect is the redesigned scoring and underwriting iNStANTLOAN system that includes products and client databases, a product matching engine and scoring / risk management module.
2. Blockchain processes. Blockchain will have several smart contract types: three level cascade pool structure including super pool, tokens and smart contract factory. There is also the high-level architecture of the platform.

The cumulative architecture diagram is given below:



The main off-chain processes will be deployed in Microsoft Azure cloud, in which the following services will be connected:

- Azure Bot Service
- Azure Storage
- Microsoft Cognitive Service
- Azure Machine Learning

Processes that require blockchain solutions will be deployed on an open Ethereum system. This will allow you to design affordable and transparent smart applications and conduct protective operations within the network.

The project has already developed a strong technical background. REGA is planning to build the forthcoming systems on the basis of the already existing Lexi Club pet insurance service previously launched by them.

The project white paper provides a description of technological development relating to more complex areas such as real estate and health care. At the same time, the paper contains detailed information about which algorithms will commence scoring, risk assessment and formation of reserve pools for different kinds of events.

Note that the documentation contains a reference to scoring algorithm work examples which gives the possibility of testing the adequacy of its operation and the correctness of the processing of a different range of input data independently.

7. Team

The project is conducted by a Russian-speaking team of 6 people, all of whom are listed as co-founders; one advisor with solid experience in the financial markets is represented - Vince Chan. The team also announced that the advisory board included Altair Capital Managing Partner Igor Ryabenky. Negotiations with four more advisors have been announced; however at the time of writing they were not finalized.

In general, the team has a good portfolio in the core business areas, and some of the founders have been working with each other for years, but their experience in creating fintech projects is limited to Lexi Club and Bellwood Systems (which provides a scoring and underwriting system - INSTANTLOAN).

We did not find any negative points regarding the team or any unconfirmed work experience.

Sergei Sevriugin - CEO, Co-founder

Sergei has more than 15 years of FinTech experience; CEO of Bellwood Systems, which provides cloud services INSTANTLOAN. Previously worked primarily in Russian banks DeltaCredit, DialogBank, where he was responsible, among other things, for the IT area of operations. DeltaCredit was originally developed by INSTANTLOAN.

<https://www.linkedin.com/in/sevriugin/>

Victor Chernyshev - CTO, Co-founder

CTO of Bellwood Systems. Also has more than 15 years of work in financial IT projects. Information from open sources regarding work experience is limited.

<https://www.facebook.com/victor.chernyshev.50>

Roman Ischenko - Chief Architect, Co-founder

More than 15 years of experience in financial IT projects, software and development. He has a scientific degree in mathematics.

<https://www.facebook.com/regadelveloper>

Sergey Kiselev - Business development and CMO, Co-founder

More than 10 years of work in the business sectors of brokerage, insurance, and entertainment.

<https://www.linkedin.com/in/sergey-kiselev-03b3ab12a/>

Maxim Urazaev - Lexi Pet CEO, COO, REGA Co-founder

More than 15 years experience in banking and insurance (mainly Russian banks: AB Finance Bank, Bank Pushkino). Advisor for Rosenergobank and Bank Rossiyskiy Credit. Has experience working as a commercial director, vice president, CEO. PhD in Economics, Chicago Booth Executive MBA.

<https://www.linkedin.com/in/maxurazaev/>

Leonid Morozovskii - Co-founder

Has more than 15 years of work in banking and insurance (mainly Russian banks: AB Finance Bank, Bank Pushkino). Currently advisor at Rosenergobank and Bank Rossiyskiy Credit. Has experience working as a commercial director, vice president and CEO. Has a PhD in Economics, Chicago Booth Executive MBA.

<https://www.linkedin.com/in/leonid-morozovskiy-83823651/>

8. Competitive Advantages of the Project

We considered both traditional insurance companies and technological startup solutions as a competitive environment for REGA.

Large insurers, operating in the developed markets of the US and Europe, in our opinion, are the most suitable to be considered competitors. Despite the lack of a blockchain component, factors such as reliability, simplicity and marketing policy play a more important role for the consumer than the cost of insurance services and potential data protection. Slow but large-scale technological developments are implemented by the large participants; they also have a large amount of financial and operational resources. This of course can make competition more difficult for REGA.

However in the future, due to price factor, flexibility and quality of marketing campaign, REGA has a good chance to capture the attention of its target audience. We also see an emphasis on non-traditional products (Pet, Gadget, Parametric crowdsurance) - the competition is not so high in this field. Large companies do not want to invest in the evaluation infrastructure and analysts of such a compressed market, for example gadget insurance, especially if it is possible to earn in the largest segment such as life insurance.

Parametric and Gadget insurance in general are an innovation; their development is in its early stage. The less technically advanced competitors are also quite successful: RainVow (<http://www.rainvow.org/>, a startup which offers compensation for unforeseen expenses arising from rain), gadgetinsurance.com (smartphone insurance in the UK), SquareTrade (<https://www.squaretrade.com/>, gadget insurance in the US). Looking at the experience of these services, the prospects for REGA in these segments seem very optimistic.

Current ICO-based start-ups listed below, based on the introduction of blockchain technologies in insurance, in our opinion will not be able to seriously compete with the REGA project.

InsureX (<http://www.insurex.co/> - crowdsale has already been completed) - this project was created mainly for insurance companies, linking them together in the insurance products and reinsurance market. In fact, this segment is completely different from REGA, where the business units are in the role of p2p parties.

Aigang (<https://aigang.network/>) - this project focuses on a narrow segment non-contiguous with REGA - battery insurance for smartphones. Due to this, low requirements for architecture and technology for handling incidents are ensured. In the case of REGA, we see obvious technical advantages.

UMBRELLA COIN (<https://www.umbrellacoin.org/>) - the project has an idea and market similar to REGA, but has several significant disadvantages: it is limited to one country (USA); has a weak presentation of the technical aspect of the platform and does not have ready-made developments in risk management; It has a less-advanced business model (there is no hierarchy of reserves, Bancor is not used, etc.), a rather controversial way of determining the insured event (in RST it is AI + experts in two levels) and the level of documentation development is frankly weaker than REGA's.

To sum up: The REGA project looks quite strong against its technical competitors which use new insurance products or blockchain technology, and also has a significant competitive potential for large market players.

9. Risks of the Project

Some of the risks of REGA project were referred to above. Firstly, the seemingly speculative nature of some of the plans; so far technology has not developed to the point that drones can transmit information about an accident to a chat bot. How much time will elapse before these features become widely used cannot be answered. It should also be remembered that in different jurisdictions, legislation looks at drones in different ways; the law is not changing quickly in every territory - this is another risk for the implementation of the plans.

Secondly, the ETH/Fiat currency risk. The founders are planning to keep assets stored on air. We believe that this cryptocurrency may be more volatile in the next 12-24 months than, for example, bitcoin.

Thirdly, the lack of expenditure budget in the documentation can also be attributed to risks. First of all, the share of fixed costs in the cost structure is not clear. Because of this, the minimum income of the platform to ensure its viability cannot be assumed. Also we cannot ignore the risks that the products will simply not be in demand. From our point of view this is unlikely, especially if the founders implement their strategy in developed markets; however there is a risk.

10. Economy of the Project

The economics of the project are simple enough: REGA charges a 20% commission on insurance premiums for providing a service to members to cover platform and product development costs and making payments to token holders. In what proportion the funds will be distributed is not disclosed in the documentation.

In general, 20% is a sufficient market rate to cover transaction costs. For example, in 2016 Allianz has a share of operating expenses from total income of about 23%⁴, AIG has 21%⁵. The comparison is not entirely relevant, since Allianz and AIG generate additional income from investing funds. In the case of REGA, insurance premiums are converted into ETH. Expert fees are also paid in cryptocurrency, so there is no investment income in cryptocurrency.

However there is a risk of ETH/fiat currency quotations; this risk is not hedged at this stage. So far, the team expects that there will be no serious drop in ETH value, and if it does, the losses will be covered by the super pool. There are no more detailed calculations at the time of writing the review, so this risk will have to be taken into account by potential RST token investors. However, this risk is typical for any project for which cash flows are nominated in both fiat and cryptocurrencies.

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Our goal is to increase the transparency and reliability of the young ICO market and to minimize the risk of fraud.

We appreciate feedback with constructive comments, suggestions and ideas on how to make the analysis more comprehensive and informative.

