Crypto Life Insurance

Capturing .05% of Global Crypto Wealth by 2030

An insurance strategy for wealth management in the digital asset era

A targeted approach to establishing market leadership in the evolving intersection of cryptocurrency wealth and regulated insurance products.

Current Market

$3T

Crypto Market Cap

Current global cryptocurrency market capitalization, with projections to reach $7-10T by 2030

172K+

Crypto Millionaires

High-net-worth individuals with wealth in digital assets, underserved by traditional financial services

55M

US Crypto Users

Approximately 16% of US adults actively use cryptocurrency as of 2025

Fastest Growth & Country Highlights

•In a prior period (July 2021–June 2022), the region saw USD 566 billion transacted, a 48% year-over-year increase CoinMENA.

•Within MENA, Turkey and Egypt led growth, with 222% and 195% annual increases respectively CoinMENA+TechCrunch.

•Saudi Arabia and the UAE stand out both for transaction value and adoption rates—especially strong among younger, tech-savvy demographics

The Future Market Opportunity

Global crypto wealth forecast

By 2030, global crypto wealth is projected to reach USD 10–12 trillion , driven by:

- Institutional market entrants
- Tokenisation of real-world assets
- Generational wealth infusion

Target: at least 0.05% market capture

Financial Impact of Our Ambition

$5-6B

AUM Target

In single-premium policy assets under management by 2030

$75-90M

Gross Annual Income

At 1.5% gross margin on managed assets

$25-30M

Net Annual Income

At 0.5% net margin, positioning us among profitable specialty insurers

This level of market penetration establishes us as one of the first regulated life insurers dedicated to crypto wealth—creating strategic partnership opportunities, custodial mandates, and potential exit valuation.

Client Focus: Upper Affluent, HNW & Investment Banks

Target Indivdiual Client Profile

- Substantial, long-term crypto portfolios with minimal desire to convert to fiat
- Need for structured wealth transfer products, particularly for estate planning
- Preference for maintaining digital asset exposure rather than liquidating

Bank Profile

- Traditional investment bank wanting to retain AUM without offering crypto assets custody.

- **173,000** crypto millionaires globally (Henley & Partners, 2024)
- **26%** of U.S. HNWs currently hold crypto; **38%** plan future inclusion
- **53%** of HNW individuals under 50 anticipate crypto exposure

Policy Entry Thresholds

$500K (Guided) and $1M (Open Architecture)—aligning with crypto hedge fund median investor sizes of $0.4–1.1 million

The Market Gap Addressed

Current Friction Point

Traditional insurers require premium and reserves in fiat currency, creating significant friction for crypto-first clients

Solution

Crypto-native insurance products that maintain digital asset exposure without forced conversion to fiat

Growing Demand

Family offices (especially in Asia) plan to allocate ~5% of portfolios to crypto assets (UBS research)

By capturing this market gap, we position ourselves at the forefront of a transformative shift in wealth management for the digital asset era—establishing first-mover advantage in regulated crypto wealth solutions.

The Problem To Solve

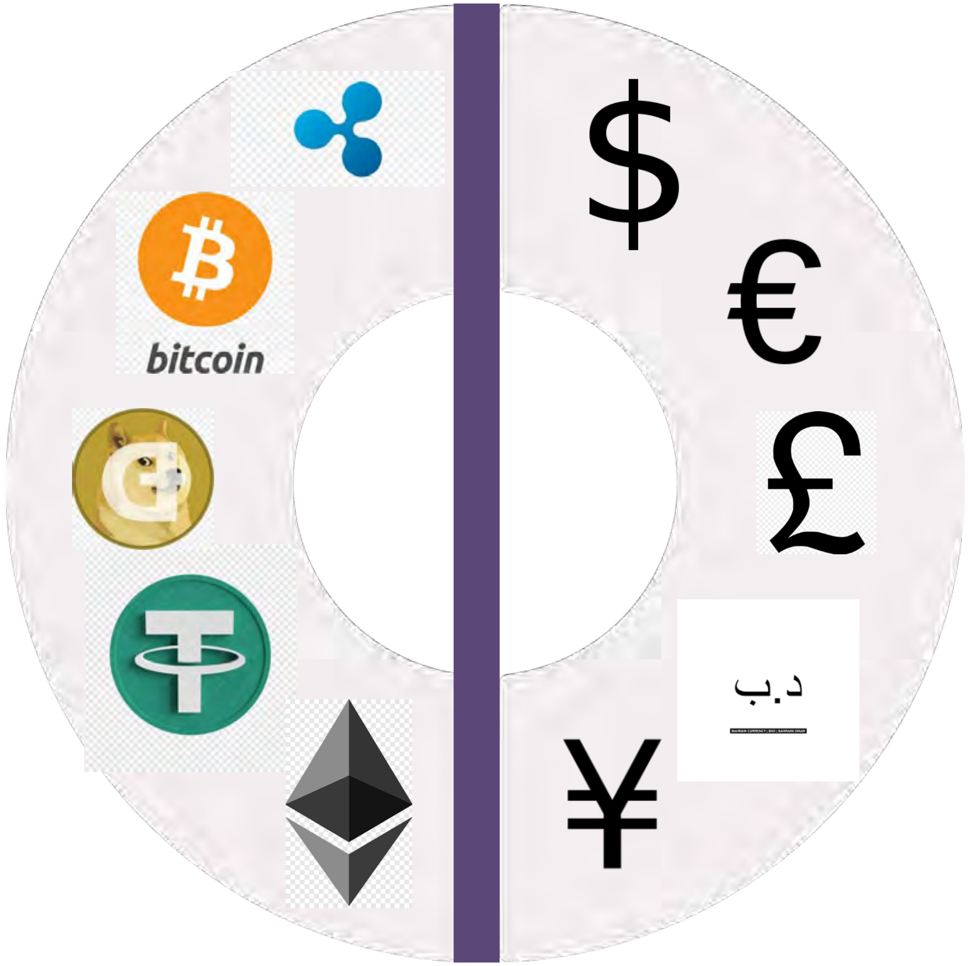
Crypto wealth holders operate in a distinct financial ecosystem, yet traditional insurance forces them back into fiat systems.

They don’t want Fiat. This is called the **‘Fiat Wall’**.

Crypto Wealth vs. Traditional Wealth

Crypto Wealth

- Digital-first mindset
- Self-custody preference
- Decentralization values
- Seeks to maintain crypto exposure



Fiat Wall

Traditional Wealth

- Fiat-denominated assets
- Institutional custody
- Centralized systems
- Seeks stability in traditional assets

The Crypto-Native Generation

The largest demographic of crypto holders are between 24-35 years old —a cohort not traditionally associated with large life insurance purchases.

Their financial decisions are shaped by:

- Digital-first behaviors
- Mobile-first interactions
- Preference for autonomy
- Belief in decentralization

Challenges for Crypto Holders

Conversion Costs & Friction

To pay premiums, crypto holders must liquidate to fiat, triggering fees, delays, and potential tax events.

Volatility & Insurer Reluctance

Traditional insurers view crypto as too speculative, rejecting it for premiums or reserves.

Regulatory Ambiguity

Most jurisdictions lack clear frameworks for crypto-denominated insurance contracts.

Security Risks

Unique threats like hacking, wallet theft, and "crypto kidnappings" aren't covered by traditional products.

The Insurance Gap

11%

Current Coverage

Only 10-11% of crypto holders have any any insurance coverage for their digital assets

42%

Expressed Interest

Percentage of uninsured crypto holders who express willingness to buy insurance

0%

Available life Insurance

Currently no life insurer offers life insurance investment products dedicated for crypto wealth.

Why Traditional Insurers Don't Offer Crypto Products

Volatility of Underlying Assets

- Crypto prices can swing 10-20% in a single day
- Life insurance relies on long-term, predictable cash flows
- Insurers are reluctant to denominate products in assets that could double or halve in value within months

But Volatility is a Fiat-Centric Problem!

Traditional Perspective

Insurers measure assets and liabilities in fiat terms (USD, EUR, GBP)

They see crypto as dangerously volatile because the BTC-to-USD price may change 10-20% in a single week

Crypto-Native Perspective

From a crypto-native view, the volatility disappears:

- 1 BTC is always 1 BTC
- Policyholders who earn, store, and want claims in BTC are not exposed to fiat fluctuations

The real problem isn't Bitcoin itself—it's the required translation into fiat by insurers and regulators.

Capital and Currency Translation Constraints

The Real Barrier

Regulators demand reserves be held and reported in fiat

- Even if an insurer collected BTC, they would be required to convert it to fiat for solvency calculations
- This mandatory translation creates volatility in solvency ratios
- Could force asset liquidation at unfavorable times

Additional Barriers for Traditional Insurers

Reputation Risk

Fear of reputational damage if seen as legitimizing crypto

Regulatory Immaturity

Few jurisdictions offer clear frameworks for crypto insurance

Asset Form

Digital bearer assets require special custody solutions unfamiliar to insurers

Cybersecurity

Insurers lack 24/7 blockchain operations and monitoring capabilities

Introducing: Crypto Life Insurance

A life insurance company that operates end to end using crypto - premiums in crypto, pays claims in crypto, and operates its investments and reserves in crypto

Crypto is the **Medium**, Not the **Model**

Traditional Insurance Core

- Standard life insurance products
- Policy formats issued in paper and digital forms
- Regulatory compliance
- Normal insurance operations
- Underwriting
- Claims management
- Risk reporting and governance

Crypto Elements

- Premiums in Crypto
- Capital in Crypto
- Investments in Crypto
- Claims in Crypto
- No Fiat Wall
- Reporting in Crypto
- Salaries in Crypto

Innovation is in the currency base, not in the integrity of insurance practices

The Solution

Native Currency Model

Accept premiums in BTC, ETH, or XRP, and pay claims in the same asset —no conversions required

Market Alignment

Keep policyholder wealth fully invested in the digital universe. No fiat conversions or translations

MENA Regulatory Tailwinds

Bahrain, UAE and Saudi Arabia building supportive frameworks. Rich pool of talent and wide ecosystem options

First-Mover Advantage

No major global player currently offers a truly crypto-denominated life insurance solution

Customer Benefits

1

Seamless Wealth Continuity

Customers stay fully invested in their preferred currency (BTC, ETH, XRP)

No need to convert to fiat to pay premiums or to receive claims —1 BTC in, 1 BTC out

2

Elimination of Conversion Costs & Tax Events

Avoids trading fees, spreads, and taxable disposals caused by converting crypto to fiat

Beneficiaries receive assets in the same form as premiums, protecting intended wealth

3

Alignment with Crypto Values

Transparent, blockchain-first insurance that respects decentralization and self-custody ethos

Appeals to younger, digital-native customers who distrust fiat systems

4

Risk Protection in a Crypto Context

Addresses risks traditional life insurance ignores: hacking, wallet theft, coercion, and crypto wealth transfer

Creates new products tailored to digital asset risk profiles

Operations & Regulatory

Insurer & Capital Benefits

1

2

3

Elimination of Fiat Translation Volatility

Traditional insurers must hold capital in fiat, so BTC/ETH swings against USD distort reserves

A crypto-native insurer denominates both liabilities and assets in crypto, so there's no mismatch

Capital Efficiency

Frees the insurer from constantly converting crypto premiums into fiat to meet solvency rules

Reduces "translation losses" that would otherwise hit solvency ratios

Improved Reporting

Accounts are denominated in the same currency as contracts

Simplifies balance sheets and P&L—no FX translation noise, no artificial volatility

Regulatory Alignment

Crypto hubs like Bahrain, UAE and Singapore are creating frameworks for digital asset insurers

A crypto-native insurer can domicile where regulation is supportive and set the precedent for others

Purpose-Built Infrastructure

Blockchain-native systems for custody, policy admin, and claims remove dependence on legacy fiat rails

Enhanced cybersecurity and wallet management built into operations from the ground up

Competitor Landscape

Current Market Players

Meanwhile (Life Insurance)

Only life insurer offering a HDB product denominated in Bitcoin. Operates using Crypto. Specialized US-centric tax efficient product.

Evertas & Coincover (P&C Insurance)

Provide broad crypto risk underwriting with Lloyd's-backed policies.

OneInfinity by OneDegree (P&C Insurance)

Delivers tailored digital asset insurance across Asia, backed by Munich Re

Tabit Insurance (Re-insurance)

Capitalized in Bitcoin, offers a unique digital-asset-backed capital model

Traditional Insurers

Remain cautious, typically limiting exposure to crypto holdings or exploratory pilots like MassMutual's investment in Bitcoin

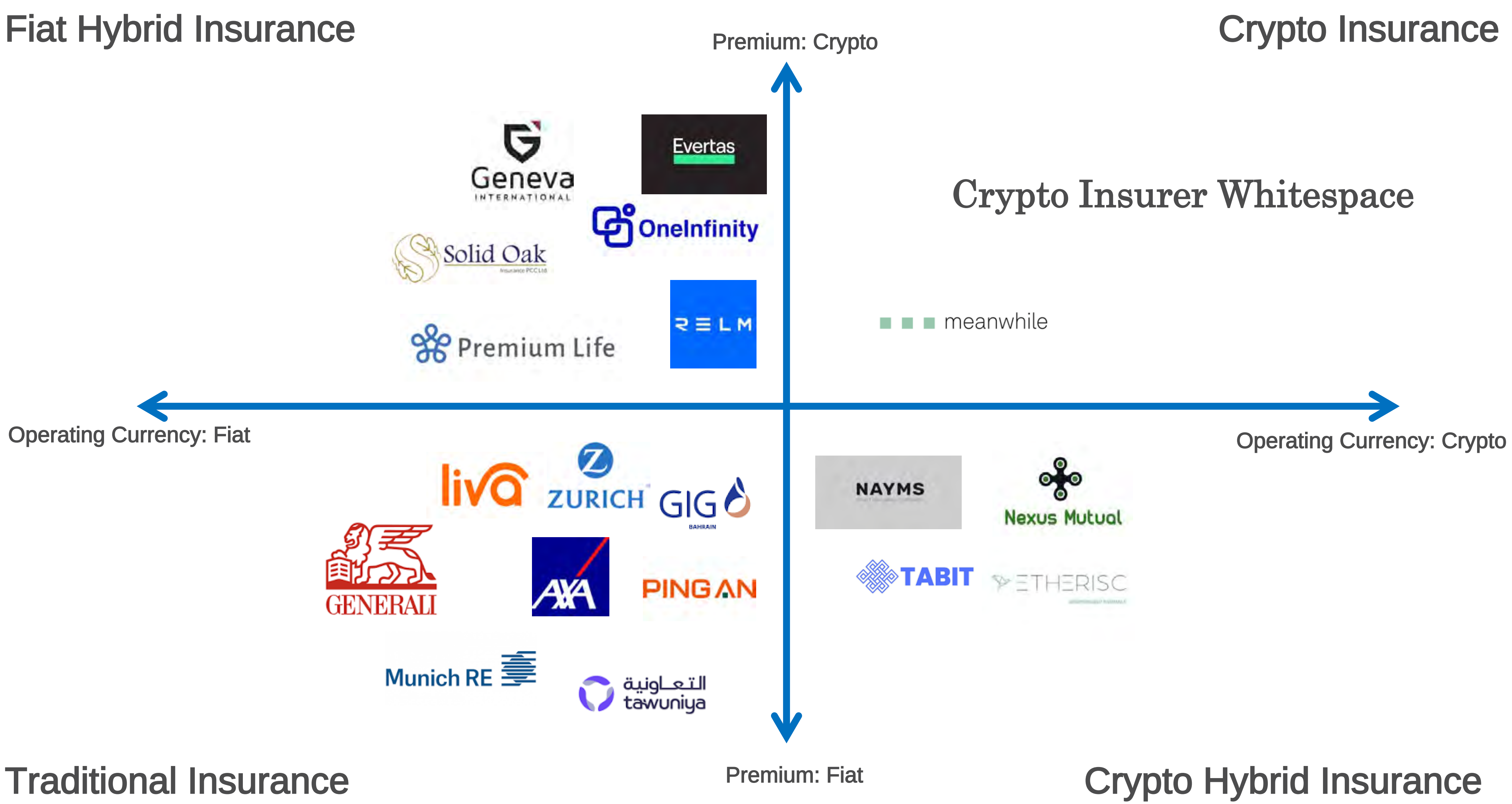
Blockchain-Native Models (Composite)

Nexus Mutual and Etherisc exploring decentralized and smart-contract-based coverages

Hybrid: Traditional insurers not Crypto regulated

Premium Life, Geneva Life, and Solid Oak offer crypto-denominated products with hybrid regulatory reporting models

Current Market Players Operating Models



The MENA Opportunity

The Middle East and North Africa region is especially attractive for a crypto-native insurance model:

- 7th largest crypto market globally with $338.7 billion in on-chain value transferred (2023-2024)
- Represents 7.5% of global crypto activity
- 93% of transaction volume comes from transfers over $10,000
- Market driven by wealthy individuals, family offices, and institutions

MENA Regulatory Progress

Bahrain

Positioned as a regional crypto hub with progressive regulatory framework

UAE

Virtual Asset Regulatory Authority (VARA) has become one of the most advanced digital asset regulators in the world

Saudi Arabia

Emerging as a regional leader in crypto adoption with developing regulatory framework

This evolving regulatory landscape makes it possible for innovative insurance providers to launch with regulatory support rather than opposition

Preferred Jurisdiction: Bahrain

The Middle East's Leading Hub for Crypto & Insurance Innovation

Following a strategic analysis of traditional global jurisdictions.

Regulatory Clarity: Setting Global Standards

1

2017-2021

Regulatory Sandbox established and enhanced, creating a well-used path to live-test novel insurance + crypto constructs with supervisor oversight

2

2019

Comprehensive Crypto-Assets Module (Rulebook Vol. 6) launched, covering licensing, custody, capital, conduct, AML/CFT, tech/cyber, and client-asset safeguards

3

2020

FinHub 973 digital lab, the region's first cross-border digital innovation platform for API sandboxing and open banking integration

4

2025

Dedicated stablecoin issuer framework launching – ideal for premium collection, treasury operations, and claims rails

Bahrain's first-mover regulatory approach continues to evolve, providing clarity whilst enabling innovation.

Proven Regulatory Environment for Crypto & Insurance

Mature Insurance Framework

Insurance Rulebook (Vol. 3) provides:

- Clear authorization, solvency and reporting requirements
- Dedicated Takaful/Retakaful module for Islamic insurance
- Comprehensive Captive Insurance guide
- Sector-specific Financial Crime module aligned to FATF

Leading Crypto Operators

- Binance: Full Category 4 Crypto-Asset Service Provider license (2022)
- Rain: First CBB-licensed crypto platform in the GCC (2019)
- Crypto.com: Licensed Payment Services Provider (2024)

Economic and Financial Stability

17%

Financial Sector Contribution

Finance & insurance represent ~17% of Bahrain's real GDP in 2024, making it the largest non-oil contributor to the economy

$0.376

BHD/USD Peg

The fixed Bahraini Dinar to US Dollar peg reduces FX volatility in crypto-to-fiat workflows, providing greater stability for operations

BB+

Fitch Rating

Transparent credit profile with internationally published assessments tracked by global agencies, enhancing risk management

Bahrain's economic framework provides a stable foundation for innovative financial services, with transparent governance and financial sector leadership.

Strategic Gateway to MENA & Beyond

Saudi Arabia Gateway

Direct physical connectivity via King Fahd Causeway, with 8.2 million vehicles crossing in 2022, underscoring real cross-border commerce opportunities

US-Bahrain Free Trade Agreement

In force since 2006, streamlining US relationships and providing compliance comfort for American organisations operating in the region

International Dispute Resolution

Bahrain Chamber for Dispute Resolution offers international-grade court and arbitration alternatives, ensuring legal certainty

Digital Infrastructure & Data Protection

Personal Data Protection Law

In force since 2019, modelled on global best practices, providing comfort for life/health data and eKYC operations

National eKYC Platform

First of its kind in the region specifically targeting banks and financial services providers

- Streamlines customer onboarding
- Enhances claims fraud detection
- Operated by BENEFIT + iGA under CBB supervision

Talent & Ecosystem Advantages

Bahrain FinTech Bay

The region's largest dedicated fintech hub, launched in 2018, featuring strong public-private collaboration for pilots and talent development

Islamic Finance Leadership

Global standard-setters AAOIFI and IIFM headquartered in Manama, enabling Sharia-compliant product variants including family takaful

Bahrain's concentrated financial ecosystem provides unparalleled access to specialised talent and expertise in both traditional and Islamic finance.

Crypto Life Insurance Standard Bahrain Launch

Test in CBB Sandbox

Launch crypto-linked life products (premiums in crypto, on-chain proofing, stablecoin treasury) in the Regulatory Sandbox

Integrate Regulated Payment Rails

Accept crypto via CBB-licensed CASPs; convert to fiat or approved stablecoins under the 2025 framework

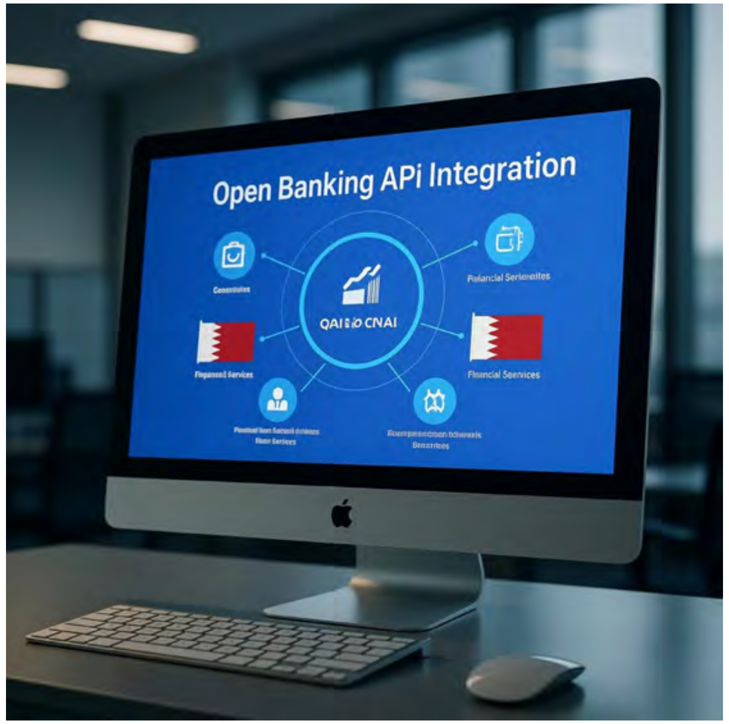
Leverage Regulated Custody

Use CBB-regulated custodians with mandated controls (supports reinsurer/auditor comfort)

Structure Compliant Balance Sheet

Keep exposures in permitted investment buckets; use unit-linked structures where needed

Unique Competitive Advantages



Open Banking + eKYC

Leverage national infrastructure for:

- Instant pay-ins and outflows
- Bank data for enhanced underwriting
- Streamlined digital onboarding

Islamic Finance Option

Offer family takaful variants with AAOIFI alignment—uniquely enabled by Bahrain's ecosystem:

- Access specialised expertise locally
- Differentiate products in MENA markets
- Leverage established Sharia governance

Bahrain Partner Stack. Building Institutional Crypto Infrastructure

The Central Bank of Bahrain (CBB) has established a comprehensive licensing framework for crypto-asset service providers (CASPs), creating a regulated ecosystem for institutional partnerships.

Bahrain's Regulated Crypto Ecosystem

1

Binance Bahrain

Category-4 Exchange License

Operating full exchange services under CBB regulation since 2022. Provides essential retail on-ramp capabilities and significant liquidity depth for institutional clients.

2

Rain Management W.L.L.

Category-3 License

Bahrain-headquartered broker/exchange specializing in institutional-grade custody solutions. Offers secure on-ramp services tailored to high-net-worth individuals and corporate entities.

3

CoinMENA

Category-3 License

Regional exchange with upgraded Category-3 licensing since 2022. Features dedicated institutional services with multi-currency support and advanced security protocols.

4

Fasset Financial Services

Category-3 License

Supplementary brokerage option providing additional liquidity channels and specialized tokenization capabilities for institutional clients.

Expanding Our Reach: MENA Regional Partners

Dubai/VARA Licensed Partners

- **Komainu** - VASP license with custodial staking and institution-grade segregated custody
- **Hex Trust** - Full VASP custody with comprehensive staking integrations
- **Zand Bank** - UAE's first local bank with VASP custody capabilities

UAE Expansion

- **Zodia Custody** - Expanding via ADGM license acquisition with institutional staking partnerships

Jurisdiction	Licensed Entities (Examples)
Bahrain (CBB CASP)	ARP Digital, ATME, Binance Bahrain, BitOasis Bahrain, COINMENA, Fasset, Rain, plus one unnamed provider
Dubai (VARA-licensed VASPs)	Binance FZE, CoinMENA FZE, Gate Technology FZE, BitOasis (suspended), and around 20 others as of late 2024

Insurance Broker Network

Life & Wealth

- **Charles Monat Associates** - Global life broker with UHNW structures including Single Premium Investment
- **1291 Group** - Specialist broker for international lifeI with crypto-holder materials

Corporate & Specialty

- **Howden** - Dedicated Digital Assets practice with crypto theft + recovery solutions
- **Marsh** - DART team with $825M facility for digital-asset custodians
- **Aon** - FI/Digital Asset practice covering crime/specie, D&O, cyber, staking/E&O

Crypto Insurance Launch Options

There are 3 pathways for building and launching a crypto insurer. Each approach balances regulatory compliance, market entry speed, and operational considerations.

Strategic Pathways to Market Entry

1

Regulatory Sandbox

Ring-fenced pilot under regulatory supervision with predefined graduation criteria to full life licence

- Phased approach: Apply & scope → Controls implementation → Time-boxed pilot → Graduation
- MPC/HSM custody, multi-sig approvals, proof-of-reserves, liquidity buffers

Why regulators prefer it: Contained exposure, real-time supervisory data, consumer protection levers

2

Insurance Partnership

White-label or MGA/fronting arrangement with licensed insurer, contributing crypto infrastructure

- Partner retains licence/capital; we operate crypto platform services
- Separate wallets, sub-ledgers with reinsurer support
- Gradual migration to crypto-ready stack

Key advantage: Immediate market access with lower initial capital requirements

3

Run-off Acquisition

Acquire/lease dormant or under-utilised life licence; overlay crypto custody and investment modules

- Identify partner seeking monetisation → Operational uplift → Migration → Regulatory conversion
- Install crypto treasury stack, custody integrations, KYT/AML compliance

Unique benefit: Full licence footprint from day one without sandbox restrictions

Comparative Analysis: Regulatory and Investment Considerations

Speed to Market vs Regulatory Control

Sandbox: Highest regulatory alignment but slower scale due to premium caps

Partnership: Fastest market entry but shared economics and potential brand dilution

Run-off: Rapid entry with full licence but heavy scrutiny of "repurposing"

Capital Requirements & Investment Timeline

Sandbox: Moderate initial capital with easier reinsurance placement

Partnership: Lowest initial capital but ongoing fronting/MGA fees

Run-off: Acquisition costs plus potential fresh capital injections

Long-term Strategic Position

Sandbox: Brand legitimacy and PR signalling effect

Partnership: Dependency on partner's risk appetite and governance

Run-off: Potential "revival" case study but legacy risks require thorough due diligence

Critical Success Factors

- Regulatory relationship management
- Transparent custody and proof-of-reserves
- Consumer protection mechanisms
- Capital efficiency and solvency modelling
- Reinsurance partner alignment

Path to 0.25% Penetration

1

Distribution

Strategic partnerships with top HNW life brokers (Charles Monat, 1291 Group) and Global private banks

2

Custody & Execution

Partner with regulated exchanges/custodians in Bahrain and eventually UAE, Swiss (e.g., Binance Bahrain, Komainu, Hex Trust)

3

Reinsurance & Credibility

Collaborations with reinsurers open to crypto risk transfer (e.g. Tabit)

4

Regional Focus

Initial launch in Bahrain. Target MENA (UAE, KSA) by 2028, then scale to global wealth centers (Singapore, Switzerland, HK) from 2030

Market Expansion Timeline

2025-2027

Initial launch and establishment in Bahrain

2027-2028

Expansion to UAE and Saudi Arabia

2028-2029

Entry into Singapore market

2030+

Global wealth centers (Switzerland, Hong Kong)

Next Steps: Bahrain's Crypto-Insurance Opportunity

1 Engage with the Central Bank of Bahrain

Schedule initial consultations with the CBB to discuss your specific product concepts and explore the Regulatory Sandbox pathway

2 Connect with Established Players

Arrange meetings with Binance, Rain, and Crypto.com to understand their operational experience with the regulatory framework

3 Visit Bahrain FinTech Bay

Experience the ecosystem first-hand and engage with potential partners, service providers and talent resources

Crypto Life Insurance Product

Single Premium Investment Policy - Individuals

Life Insurance Investment Policy

Combines protection (life cover, riders) with investment opportunities

Crypto-native

All premiums, claims, capital, and investments are in cryptocurrency

Institutional Discipline

Regulated, compliant, with due diligence and risk management like a traditional insurer

Crypto-native life insurance with institutional discipline

Single-Premium Investment Life Insurance

Combines investment opportunity with insurance coverage.In this arrangement, policyholders bear market risk while insurers earn revenue through various fee structures. The death benefit provided is typically modest—often just 101% of the underlying fund value.

Premium Allocation

After deducting any entry load and policy fees, the net premium purchases units in selected crypto investments

Value Fluctuation

Policy value equals **units × fund NAV**, moving with market performance. The policyholder bears this investment risk, not the insurer.

Fee Structure

- Mortality expense/policy fee: 1%–1.5% p.a. of value
- Admin fee: flat monthly charge
- Underlying fund TER: +1.0% p.a. (% rebate to insurer)
- Mortality charge for death cover (typically minimal)

Client Flexibility

Policyholders can make investment changes, top-up, do partial withdrawals, or full surrender

Upon death, beneficiaries receive the **greater of** the specified minimum benefit or the current fund value, depending on product specifics. Some products enhance value through loyalty bonuses or allocation bonuses over time.

Differentiation & Value Proposition

Preserve Exposure

Premiums accepted in crypto and invested in crypto without conversion to fiat

Institutional Custody

Multi-custodian, MPC/HSM, and segregated accounts to ensure capital security

Wealth Transfer

Enables efficient, tax-advantaged succession planning for digital assets

Product Innovation

Unit-linked life policies tied to crypto portfolios—no incumbent offers this at scale

Investment Framework: Dual Architecture

Guided Architecture

- The insurer provides a menu of pre-approved crypto investment strategies
- These are managed by vetted Crypto Investment Managers or Platforms
- Due diligence: risk ratings, compliance checks, and investment committee approval
- Think of it as a carefully curated list of crypto "funds" to choose from

Minimum single premium: **USD 500,000**

Open Architecture

- The policyholder suggests an investment strategy or manager
- The insurer's Investment Committee, Risk, and Compliance teams review
- If approved, it's added to the policy
- This gives flexibility for sophisticated clients to bring their own crypto managers

Minimum single premium: USD 1 million

Investment Options
3 Investment Propositions

Buy & Hold (HODL)

HODL → a crypto community term meaning "hold on long-term" rather than trading. HODL originally meant Hold On For Deal Life.

- Policyholders commit to a long-term crypto strategy, accumulating value over time
- The insurer sources and approves the best crypto funds, platforms, and managers
- Ideal for policyholders using insurance to achieve life goals while keeping crypto exposure

Trading Services

Robo-advisory

Algorithm-based trading models

Advisory Services

Human advisors who recommend changes

Discretionary Management

Full delegation to a portfolio manager

For policyholders who want active management and short-term opportunities. Adds diversification and professional support, beyond simple HODL.

Tranche Sales

Tranche → pooling multiple investors to access large-scale, exclusive opportunities

- The insurer aggregates client demand, giving retail clients access to institutional-grade deals
- Examples: pre-IPO, ICOs, private equity, stablecoin projects
- Offered as single premium policies (one-off, large contributions)
- Makes big-ticket opportunities accessible to smaller policyholders

Crypto Insurance for Banks

Innovative Banking Capital Solution for Crypto Assets

Optimising Regulatory Capital using Insurance

The regulatory landscape for cryptocurrencies presents significant capital challenges for financial institutions. Using an insurance-based approach substantially reduces capital requirements while maintaining regulatory compliance.

The Basel Crypto-Asset Conundrum

The Basel Committee's 2023 framework imposes stringent capital requirements on banks holding crypto assets:

Direct Crypto Holdings

1250% risk weight applied to direct crypto exposures

Every £1 of crypto requires £1 of regulatory capital, making direct holdings financially unviable

Limited Exceptions

Lower risk weights only for tokenized traditional assets or stablecoins with robust stabilization mechanisms

Under current regulations, direct crypto holdings create unsustainable capital

The Insurance-Wrapped Solution

Insurance-Linked Structure

Bank's exposure shifts from direct crypto to an insurance contract (claim on insurer)

Credit Risk Substitution

Risk weight based on insurer's credit rating (20-100%)

Dramatically reduces capital consumption vs 1250%

Regulatory Recognition

Fits within existing Credit Risk Mitigation (CRM) frameworks

Key Advantages

Balance Sheet Benefits

- May qualify for improved liquidity recognition under Basel standards
- Can be recorded as financial asset or insurance receivable
- Avoids direct booking of volatile crypto assets

Operational Risk Reduction

- Custody responsibilities transferred to insurer
- Reduces specialised custody needs (private keys, wallets)
- Minimises operational and cyber risks

Bank Supervisory Considerations & Implementation

Regulatory Perception Benefits

Improved Supervisory Optics

Reframes crypto exposure as conventional credit/insurance exposure

Fits within established prudential frameworks that regulators understand

Enhanced Governance Structure

Insurance wrapper provides additional layer of institutional oversight

Regulated financial contract more easily accepted by auditors and regulators

Steps for Implementation

1. Work with reinsurance partners with strong credit ratings
2. Ensure to structure policy terms to ensure regulatory capital recognition
3. Engage regulatory supervisors on proposed structure

"The insurance wrapper approach represents a regulatory capital arbitrage opportunity that simultaneously addresses supervisor concerns about direct crypto exposure."

Distribution

Global Markets & Distribution

Brokers and Advisors

Licensed professionals in international markets distribute products

- Charles Monat Associates (CMA) - global life broker active in Dubai
- 1291 Group - specialist broker for international life
- Marsh - DART team; $825m facility for digital-asset custodians
- Howden - dedicated Digital Assets practice

Referral Partners

- Trusted/Qualified introducers – Lawyers/Accountants/Consultants

No Direct Marketing Outside Bahrain

- Ensuring regulatory alignment in all jurisdictions

Awareness & Education

- Product information published online —full product details and FAQs accessible globally
- Conference participation —employees speak and join panels to raise awareness (information only, not advice)

Direct Access in Bahrain

Direct Sales Permitted in Bahrain

Licensed to sell directly to clients in its home jurisdiction

Global Clients Can Access Directly

If policyholders or their Power of Attorney travel to Bahrain, they may purchase policies directly from the company

Regulated Path

This provides a regulated and compliant path for international customers to buy from the source

Why This Distribution Model Matters

Compliance-First

Sales only occur through permitted channels (direct in Bahrain, regulated networks abroad)

Access Without Borders

Crypto clients worldwide can obtain cover, either via local advisors or by purchasing directly in Bahrain

Trust + Transparency

Information-driven marketing builds credibility; regulated distribution ensures protection

Risk Management Framework

A comprehensive approach to identifying, assessing, and mitigating risks in institutional crypto portfolios.

Crypto-Universe Selection Strategy

Enhanced Liquidity & Stability

Top 10 coins feature stronger market depth, higher trading volumes, and more robust security structures compared to smaller tokens.

Risk Mitigation

Significantly reduces exposure to extreme volatility, low liquidity, and project failure risks while maintaining meaningful market participation.

Institutional Focus

Concentrates on established assets with stronger governance frameworks and broader market acceptance, suitable for sophisticated investors.

Top 5 Cryptocurrencies by Market Cap (2025)

1

Bitcoin (BTC)

The "digital gold"—scarce, highly secure, and the most recognized crypto. Dominates >57% of market cap.

2

Ethereum (ETH)

A programmable blockchain powering smart contracts, DeFi, and NFTs. ~14% dominance.

3-5

XRP (Ripple): Fast, low-cost cross-border payments through a unique consensus protocol.

Tether (USDT): Most widely used stablecoin; USD-pegged with controversial reserve transparency.

Binance Coin (BNB): Utility token within Binance ecosystem for fee discounts and chain fees.

Additional Top Cryptocurrencies

Solana (SOL)

High-speed, scalable smart contract platform known for low fees, but impacted by occasional outages.

USD Coin (USDC)

A more regulated stablecoin backed by fully reserved assets; integrated with institutions like Visa.

Dogecoin (DOGE)

Meme-based cryptocurrency with strong branding and community, low utility but high awareness.

TRON (TRX)

L1 blockchain geared toward content and DeFi via Delegated Proof-of-Stake (DPoS); faces regulatory scrutiny.

Cardano (ADA)

Research-first PoS blockchain with academic rigor and on-chain governance.

Insurance Risk Analysis

Traditional Risks

- Mortality / Morbidity risk
- Lapse / persistency risk
- Expense risk

Crypto Specific Risks

- Volatility-driven lapse risk
- Product design risk

Mitigation Strategies

- Dynamic lapse models
- Investment options with volatility dampeners
- Stress testing for extreme scenarios

Market Risk Considerations

Crypto-Specific Challenges

- Extreme volatility: 10-20x traditional assets
- Correlation breakdown during market stress
- Liquidity risk in market downturns
- Custody concentration issues

Institutional Safeguards

- Position limits by token/chain/custodian
- Stablecoins with counterparty monitoring
- Multi-custodian and multi-exchange diversification
- Rebalancing rules and tail risk hedges

The framework applies traditional market risk controls with **crypto-specific enhancements** to manage the unique volatility profile of digital assets.

Credit & Counterparty Risk

Unique Crypto Considerations

Exchange/Custodian Risk

Potential insolvency or security breaches at third-party service providers

Stablecoin Issuer Risk

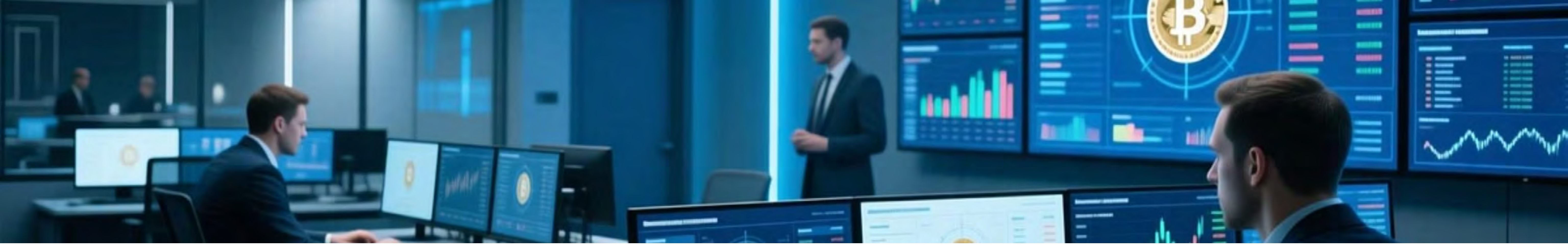
Reserve backing and transparency concerns with stablecoin issuers

Smart Contract Risk

Code vulnerabilities and unexpected behaviors in on-chain interactions

Key Mitigation Strategies

- Institutional-grade custody with segregated accounts
- Collateralized or insured stablecoin exposure only
- Approved DeFi allow-list with continuous monitoring
- Reinsurance with crypto-capable providers



Operational Risk Framework

Key Vulnerabilities

1

Private key compromise, smart contract bugs, chain reorganizations, gas fee spikes delaying settlements

Technical Controls

2

MPC/HSM custody, 4-eyes policies, withdrawal limits, immutable audit logs, real-time monitoring

Process Controls

3

Testnets/audits for smart contracts, automated reconciliation engines, contingency playbooks

Robust operational controls are the foundation of institutional-grade crypto investing

Tech Ecosystem: Traditional vs. Crypto Insurer

As insurance technology evolves, executives face critical decisions between traditional infrastructure and emerging crypto-native platforms. This comparative analysis examines key operational differences, implementation challenges, and strategic advantages of both approaches to help you navigate this complex landscape.

We'll explore seven essential components of insurance technology stacks and how they differ between traditional and crypto-native insurers, providing you with actionable insights for your digital transformation strategy.

Policy Administration: Legacy Systems vs. Blockchain Integration

1

Traditional Insurer

Legacy policy administration systems built on aging technologies (COBOL/Oracle, Escadenia, Premia, FAAData, DataQuest) that struggle with modern digital demands

Heavy reliance on batch processing creates data silos, limiting real-time operations and cross-functional analytics

Paper-heavy onboarding processes with digital interfaces added as afterthoughts rather than designed from first principles

2

Crypto Insurer

Cloud-native core systems designed with crypto wallet integration as a foundational element, enabling direct customer interaction

API-first architecture provides flexibility and modularity, specifically engineered to evolve with smart contract capabilities

Digital-native onboarding leverages crypto-specific KYC/AML processes and biometric verification, eliminating paper entirely

While traditional insurance has undergone significant digital transformation, it still lags behind the innovation pace seen in Banking, Fintech, and especially the Crypto sector, which was born digital without legacy constraints.

Payments & Premium Collection: Settlement Speed & Options

Traditional Payment Infrastructure

- Bank transfers, checks, and credit cards requiring multiple intermediaries
- Payment gateways exclusively linked to fiat currencies
- Settlement delays of 2-3 business days (T+2/T+3) affecting cash flow

Crypto Payment Capabilities

- Direct wallet-to-wallet payments using multiple cryptocurrencies (BTC, ETH, stablecoins)
- On-chain settlement providing near real-time premium collection
- Automated payment tracking through blockchain explorers, eliminating reconciliation issues

The difference in settlement speed alone creates significant operational advantages for crypto insurers, improving cash flow management and reducing collection friction for both the insurer and policyholders.

Capital & Investments: Traditional Assets vs. DeFi Opportunities

Traditional Capital Structure

Conservative investment portfolio typically comprised of government and corporate bonds, blue-chip equities, and commercial real estate

Custody arrangements through traditional banks, specialized custodians, and asset managers

Crypto Capital Strategy

Capital and solvency reserves held in specialized crypto custody platforms and hardware wallets

Innovative investment strategies utilizing DeFi protocols, staking mechanisms, and tokenized traditional assets

Risk Management Differences

Traditional insurers rely on established risk-return portfolio management systems

Crypto insurers require specialized on-chain risk analytics and treasury management tools to navigate volatility

The yield potential of DeFi investments can significantly outperform traditional fixed income, but requires specialized expertise in blockchain security and smart contract risk that most traditional insurers haven't yet developed.

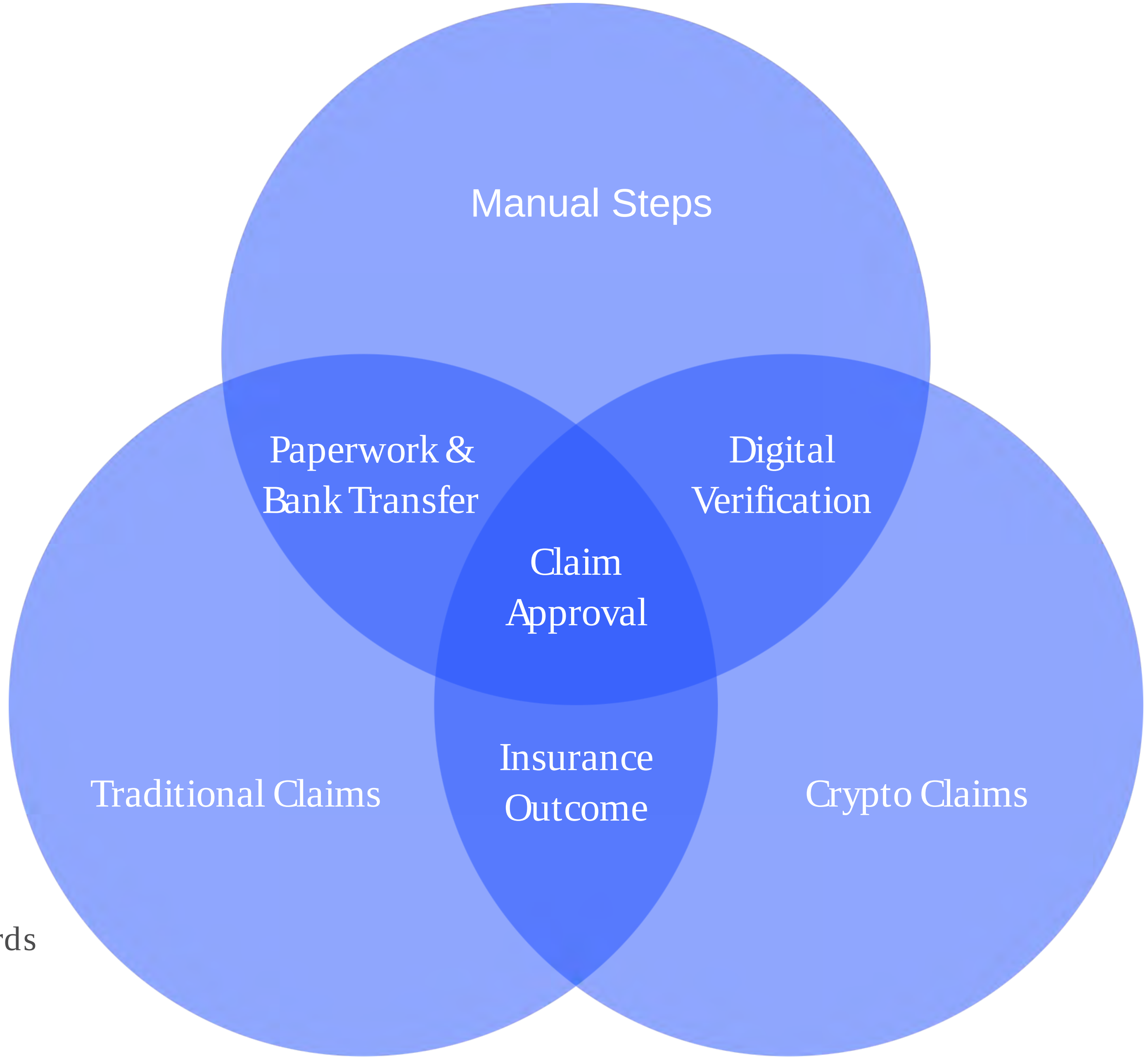
Claims Processing: Manual Verification vs. Automated Settlements

Traditional Claims Journey

- Claims processed manually, requiring physical documentation (medical certificates, death certificates)
- Settlement exclusively through bank transfers in fiat currencies
- Extended processing times ranging from weeks to months for complex claims

Crypto Claims Innovation

- Digital submission processes verified against blockchain-based digital identity and oracle data feeds
- Claims paid directly to cryptocurrency wallets, often instantaneously
- Complete transparency through immutable on-chain settlement records



The efficiency gains in crypto-native claims processing aren't just about speed—they create fundamentally different customer experiences and operational models that can transform satisfaction metrics and reduce administrative overhead by up to 70%.

Reporting & Compliance: Traditional Frameworks vs. Blockchain Transparency

1 Traditional Reporting Structure

IFRS/GAAP financial reporting denominated exclusively in fiat currencies

Reliance on complex actuarial systems (Prophet, Moses) for risk modeling

Regulatory filings submitted through jurisdiction-specific government portals

2 Crypto Reporting Innovation

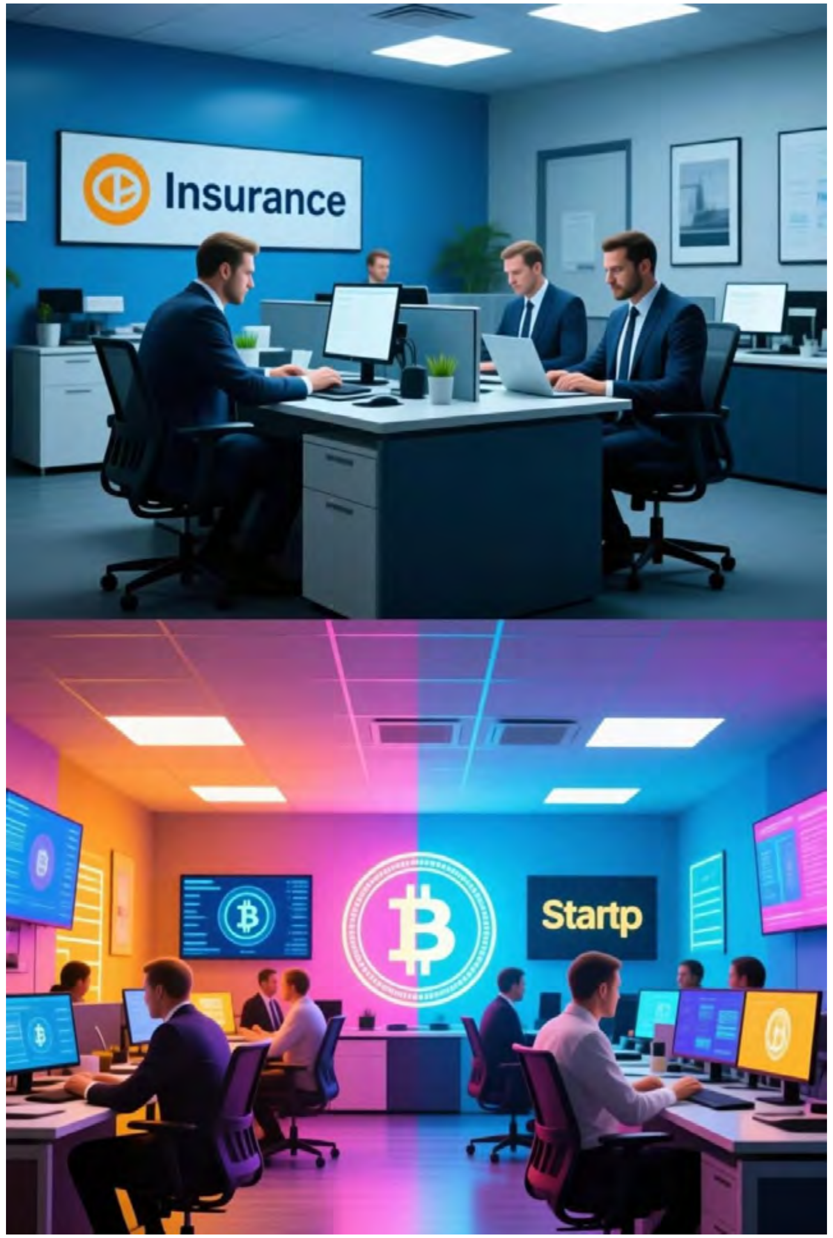
Native cryptocurrency-denominated reporting, often requiring parallel fiat translations for regulators

Inherent on-chain audit trails providing unprecedented transparency for stakeholders

Compliance with emerging regulatory frameworks (FATF crypto guidelines, EU's MiCA)

While traditional insurers navigate well-established regulatory frameworks, crypto insurers face evolving compliance requirements that vary significantly by jurisdiction. However, the inherent transparency of blockchain creates opportunities for real-time regulatory reporting that could eventually reduce compliance costs.

People & Culture: Risk Aversion vs. Innovation Mindset



Traditional Insurance Culture

Organizational values rooted in risk aversion, regulatory compliance, and institutional stability

IT teams primarily focused on maintaining legacy systems and incremental improvements

Compensation structures built around fiat salaries with traditional benefits packages

Crypto Insurance Culture

Organizational ethos centered on innovation, transparency, and decentralization principles

Engineering teams specifically building for crypto wallet integration, APIs, and blockchain infrastructure

Compensation often includes cryptocurrency payments for both employees and vendors

The cultural differences between traditional and crypto insurers extend beyond technology—they represent fundamentally different approaches to innovation, risk tolerance, and organizational structure that impact everything from talent acquisition to product development cycles.

Estimated Crypto-Enabled Insurance & Finance Tech Stack

Essential technology components required for crypto insurance. A detailed breakdown of system requirements across seven critical operational domains.

Core Insurance & Finance Systems

Policy Administration System

Comprehensive PAS to handle product configuration, illustrations, new business processing, endorsements, billing, claims management, surrender/loans processing, and fee calculations with crypto asset support. Zhong An (Peak 3) Graphene has been selected.

Actuarial & Valuation

Advanced actuarial systems for cash-flow modelling, CSM engine, discount curves, risk adjustment, and sensitivities in compliance with IFRS 17/Solvency requirements for both traditional and crypto-backed products.

GL/ERP & Treasury

Integrated ledger systems with charts of accounts for both fiat and crypto assets, supporting multi-entity operations, intercompany transactions, and treasury cash/coin sweep functionality.

Reinsurance Admin

Specialised reinsurance management tools for treaty administration, bordereaux processing, recoveries tracking, and collateral management for both traditional and crypto-backed policies.

Crypto Investment Infrastructure

The foundation of a secure and compliant crypto-enabled investment offering requires several specialised systems working in concert.

Qualified Custody & Wallet Orchestration

Segregated client asset accounts with MPC/HSM wallet technology, comprehensive key ceremony protocols, and configurable withdrawal policies.

Execution & Liquidity

Exchange/OTC connectivity with RFQ capabilities, smart order routing, best-execution protocols, and slippage controls to ensure optimal trading outcomes.

Portfolio/Order Management

Sophisticated PMS/OMS for model portfolios, automatic rebalancing, drift band monitoring, policy-level sleeves, and investment restrictions.

Advanced Crypto Investment Capabilities

1

Pricing & NAV Engine

Reliable market data integration with trusted oracles, reference rate calculations, comprehensive valuation hierarchy, end-of-day NAV processing, and fair-value leveling capabilities to ensure accurate asset valuation.

2

Staking & Yield Access (Optional)

Validator delegation or liquid staking infrastructure with built-in liquidity management, slashing risk controls, and lock-up period monitoring to optimise yield generation whilst maintaining necessary safeguards.

3

DeFi Access Layer (Optional/Controlled)

Protocol interaction capabilities with allowlisting functionality, protocol risk scoring, position limits, and automated reconciliations to enable controlled exposure to decentralised finance opportunities.

4

Tokenization/RWA (Optional)

Smart contract frameworks for issuance and record-keeping, cap table management with whitelisting capabilities, and configurable transfer restrictions for real-world asset tokenization.

Risk, Compliance & AML Requirements

Crypto-enabled financial products require enhanced risk management and compliance systems to satisfy regulatory requirements and protect both the institution and its clients.

KYC/KYB & Identity Verification

Documentary and non-documentary verification, liveness detection, PEP/sanctions screening, and source-of-funds verification tailored for crypto transactions.

Travel Rule & VASP Interoperability

Secure originator/beneficiary data exchange systems compliant with FATF Travel Rule requirements for cryptocurrency transactions.

Blockchain Analytics

Sophisticated wallet screening tools, transaction risk assessment, on-chain investigation capabilities, and continuous exposure monitoring.

Market/Counterparty Risk

Advanced VaR/stress testing, concentration/issuer limits, liquidity classification, and collateral haircut models adapted for crypto volatility.

Compliance Management & GRC

Comprehensive policy and control frameworks, RCSA processes, incident management, audit trails, approval workflows, and regulatory reporting packages.

Data, Reporting & Reconciliation Systems

Effective crypto-enabled insurance operations depend on comprehensive data management and reconciliation capabilities to ensure accuracy and enable robust reporting.

1. **Data Warehouse/Lakehouse**

   Unified data repository integrating policy, ledger, market, and blockchain data with robust lineage tracking and governance controls. This system should support real-time analytics and enable complex queries across disparate data sources.

2. **Reconciliation Engine**

   Multi-directional reconciliation capabilities spanning custodian, exchange, PMS, ledger, and PAS data with automated breaks workflow and resolution tracking. Critical for maintaining data integrity across the crypto-traditional finance boundary.

3. **Regulatory & MI Reporting**

   Comprehensive reporting suite generating solvency documentation, VARA/CBB returns, risk dashboards, and performance attribution reports with crypto-specific metrics and disclosures to satisfy both regulatory and management requirements.

Client & Distribution Infrastructure

Delivering an exceptional client experience requires seamless integration between traditional insurance operations and crypto capabilities.

CRM & Distribution

Agent/broker management with commission handling, hierarchies, and suitability/needs analysis for crypto-enabled products.

Onboarding & e-Signature

Digital proposal generation, disclosure delivery, risk questionnaires, and consent capture specific to crypto investment options.

Client Portal / Mobile App

Policy management interface with funding options, investment switching, rebalancing requests, statement delivery, and tax document access.

Payments & On/Off-Ramp

Crypto deposit address generation, stablecoin payment rails, fiat settlement options, and recurring premium handling capabilities.

Security & Platform Engineering Requirements

Cloud Infrastructure

Multi-region deployment with strict network segmentation and private connectivity to custodians and exchanges. Must include isolated security zones for different risk levels of crypto operations.

SIEM/SOAR & Threat Detection

Centralised logging with advanced alerting capabilities and automated response playbooks. Must include crypto-specific threat intelligence feeds and blockchain transaction monitoring.

Secrets/Key Management

HSMs and KMS implementation with regular key rotation schedules and break-glass procedures. Critical for protecting sensitive cryptographic material and private keys.

DevOps & SDLC

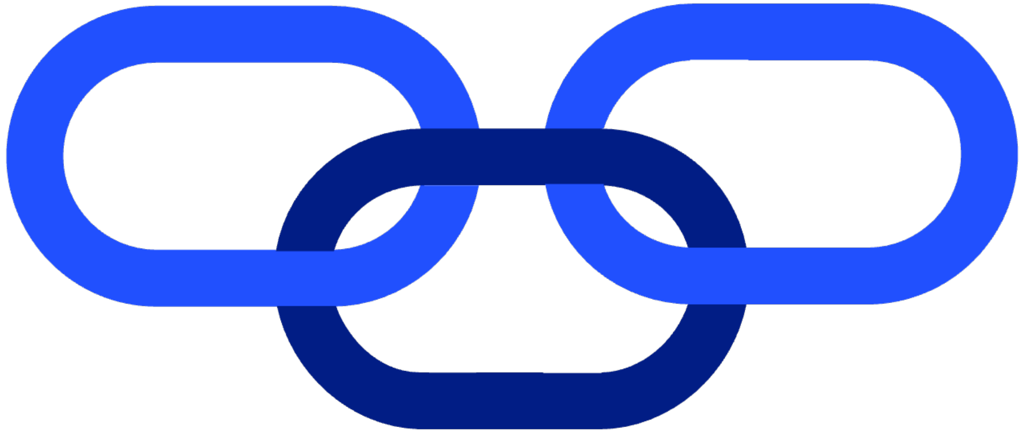
Secure CI/CD pipelines with Infrastructure-as-Code, artifact signing, and supply-chain security controls to prevent tampering with deployment processes.

BCP/DR Capabilities

Robust recovery planning with defined RTO/RPO for PAS, ledger, and custody systems, plus specific cold/warm wallet recovery procedures to ensure business continuity during disruptions.

Governance & Controls for Unit-Linked Crypto Products

Unit-linked insurance products with crypto exposure require specialised governance frameworks and control mechanisms to ensure regulatory compliance and investor protection.



Investment Committee Tooling

Digital systems for tracking investment approvals and mandates, maintaining comprehensive manager due diligence records, and administering the crypto asset whitelist to ensure only approved assets are included in portfolios.

Product Governance

Target-market definition tools, automated KID/KFS production systems, and transparent fee and performance disclosure mechanisms to satisfy conduct and disclosure requirements for crypto-linked products.

Proof-of-Reserves / Attestations

Independent verification procedures aligned to the custody model employed, enabling regular confirmation that client assets are fully backed and segregated in accordance with regulatory expectations.