

Growing Insurer Confidence in Covering Digital Assets

WEEKLY RECAP

- Total market cap. reached \$217bn (a 2.4% decrease), and 7 day trading volume slumped 21% for top 100 crypto

WEEK AHEAD

- 13 Oct:** LTC to list on Gemini exchange
- 14 Oct:** ETH to launch Constantinople upgrade

THOUGHTS OF THE WEEK

Billions of US\$ have been lost to date due to various crypto related hacks, as noted in our Chart of the Week. Each successive hack has focused the industry's attention towards obtaining proper cyber liability coverage, in addition to also much sought-after volatility and directors & officers liability insurance.

Cryptocurrencies impose higher risks than traditional financial instruments for insurance issuers, one major reason being the relative frequency of crypto exchange hacks. Insurance issuers are also uncertain of the complete scope of security measures that should be required for cryptocurrency insurance coverage, in addition to challenges surrounding how to insure what are typically anonymous users conducting anonymous trades. This scenario can make it difficult to determine if a theft has occurred, and much more so to determine the how, when, and why.

The caution of insurance issuers results in significantly higher annual premiums for insurance clients, and most crypto start-ups cannot afford to pay premiums as high as 5% of their coverage limits each year (up to 5 times higher than the norm in more traditional sectors). The high volatility in the face value of cryptocurrencies also contributes to the slow adoption of crypto insurance. For example, a US\$10mn insurance policy signed in Jan 2017 covered 10,957 BTC, while the same insurance policy would only cover 923 BTC a year later. Coverage exclusions from the insurer can also add up fast, making policies "close to useless".

The insurance of cryptocurrencies is still at an early stage, yet leading exchanges have over recent months made significant announcements. On 3 Oct Gemini announced insurance coverage of its custodied digital assets from insurance firm AON. The significance of this insurance policy lies in its protection of losses in Gemini's online (hot) wallet, which has been a typical policy exclusion. While this is one important step towards providing the protection that consumers typically expect, they should also note that losses from unauthorized user account access are not covered.

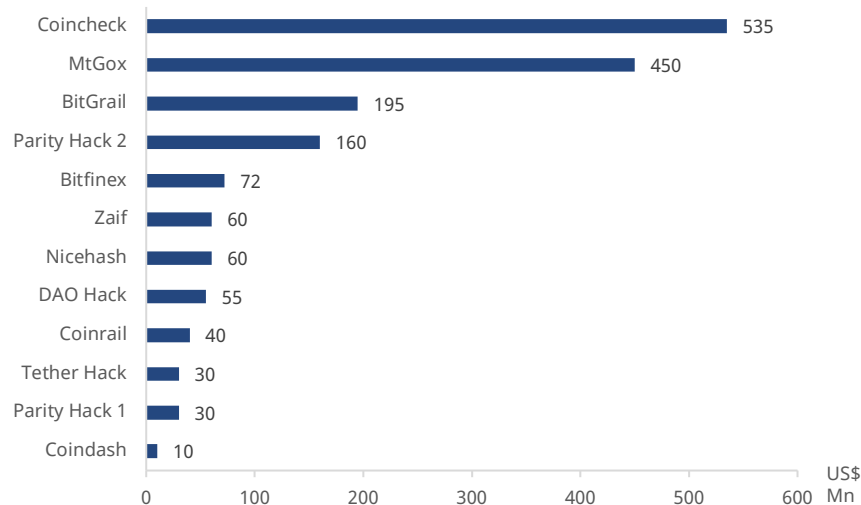
Many insurers are still not convinced that the cryptocurrency sector is large enough to cover possible losses, yet we do interpret the Gemini-AON announcement as a sign of growing confidence from the side of insurers. However, for now we still advice traders and investors to remain cautious around and sceptical of any exchange or ICO project that advertises full or even partial insurance coverage.

TOP CRYPTO PERFORMANCE SUMMARY

Name	Price	7D%	Vol.	7D%	Mkt Cap.	% Total Mkt
BTC	\$6,588.40	-0.03%	21.19bn	-18.14%	114.04bn	52.52%
ETH	\$224.80	-3.20%	9.18bn	-20.97%	23.02bn	10.60%
XRP	\$0.48	-17.93%	4.00bn	-44.11%	19.10bn	8.79%
BCH	\$510.14	-4.67%	2.68bn	-34.15%	8.87bn	4.09%
EOS	\$5.73	-0.14%	3.32bn	-27.17%	5.20bn	2.39%
XLM	\$0.24	-6.02%	0.24bn	-48.72%	4.52bn	2.08%
USDT	\$1.00	-0.10%	14.66bn	-26.72%	2.80bn	1.29%
ADA	\$0.08	-4.39%	0.20bn	-53.88%	2.11bn	0.97%
XMR	\$114.09	-0.92%	0.14bn	-25.94%	1.88bn	0.87%
DASH	\$179.77	-4.08%	1.51bn	5.35%	1.50bn	0.69%

CHART OF THE WEEK

Largest Exchange, Wallet, and Smart Contract Hacks To Date



TOP CRYPTO NEWS AT A GLANCE

Ethereum delays the launch of Constantinople upgrade to 14 October: The Constantinople upgrade involves block reward issuance, code execution, data storage etc. The reason of delay is to allow developers time to resolve a vulnerability on the EVM DoS attack vector.

Maduro announces that the public sale of Petro will start on 5 November: A new whitepaper of Petro is released, and Petro trading will be available on six major crypto exchanges starting 1 October.

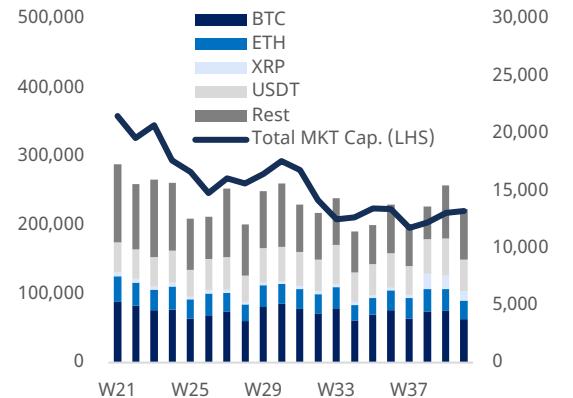
Ripple partners with SBI Holdings to launch payment app MoneyTap: The application uses Ripple's xCurrent solution to enable real-time domestic bank-to-bank transfer.

Alibaba files a patent application to USPTO: The patent describes a blockchain system that allows third party administrators to intervene in smart contracts in the case of illegal activities.

NETWORK FUNDAMENTALS

	BTC	ETH
Hashrate	51,308,288 TH/s (-5.4%)	255,264 GH/s (-1.9%)
# Wallet Users	28,986,206 (+0.7%)	43,694,016 (+0.9%)
Top 3 Miners	BTC.com (17%) AntPool (14%) BTC.TOP (11%)	Ethermine (27%) SparkPool (22%) F2 Pool (13%)

MARKET CAP & TRADING VOL. (US\$ MN)



STANDARD KEPLER

WEEKLY SUMMARY | 1 – 7 OCTOBER

DISCLAIMER

Abbreviations: ADA: Cardano; AON: AON plc; BCH: Bitcoin Cash; bn: billion; BTC: Bitcoin; crypto: cryptocurrencies; DAO: Decentralized Autonomous Organization; DoS: Denial of service; ETH: Ethereum; EVM: Ethereum Virtual Machine; ICOs: Initial Coin Offerings; Market Cap: Market Capitalization; mn: million; Oct.: October; Trading Vol.: Trading Volume; USD: United States Dollars; USDT: USD Tether; USPTO: United States Patent and Trademark Office; XLM: Stellar Lumens; XMR: Monero; XRP: Ripple

Chart of The Week: Sources: Bloomberg, Coindesk, Coiniq, Cointelegraph, Forbes, Rados.io, Standard Kepler Research

Market Cap & Trading Vol.: Sources: Coinmarketcap, Standard Kepler Research
The horizontal axis represents the week number in 2018. For instance, W21 indicates the twenty first week in 2018. The primary vertical axis represents total market capitalization; and the secondary vertical axis represents total trading volume.

Network Fundamentals: Sources: Blockchain.info, Blocktrail, Etherchain.org, Etherscan.io, Standard Kepler Research

Thought of The Week: Sources: AON, Bloomberg, Blockchain.com, Blockcast.it, CCN, Coindesk, Cointelegraph, Ethereum World News, Gemini, Insurance Journal, Los Angeles & San Francisco Daily Journal, Standard Kepler Research

Top Crypto News At a Glance: Sources: Blockcast.it, Coindesk, Cointelegraph, Standard Kepler Research

Top Crypto Performance Summary: Sources: Coinmarketcap, Standard Kepler Research

Week Ahead: Sources: Cryptocalendar.pro, Standard Kepler Research

Weekly Recap: Sources: Coinmarketcap, Standard Kepler Research

Past performance does not guarantee future results.

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The price of Bitcoin and other cryptocurrencies are highly volatile in nature. It is suggested that clients should perform their own due diligence and consult a fully qualified independent professional financial adviser before making any investments in cryptocurrencies.

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Unless otherwise stated, all data is as of October 7, 2018 or as of most recently available.