

## The Digital Age and Insurance Landscape

The proliferation of digital assets into the investment portfolios of institutional and retail investors has seen a surge in demand for digital asset protection insurance policies across the board. The pandemic-induced hype around digital assets like cryptocurrencies and non-fungible tokens (NFTs) had its fair share of negative news; scam on Initial Coin Offerings (ICOs), NFTs theft, and digital wallet hacks gained notoriety and largely remains the prime concern among digital asset holders. The decentralised and anonymous nature of digital assets that made them popular is also the main vulnerability that puts digital asset holders at risk of catastrophic hacks.

Recognising the rising demand for digital asset insurance, the management team of NIACE is actively working with industry stakeholders to provide digital asset insurance coverage for our clients in the near future. NIACE prides ourselves on catering to the ever-changing needs of our clients. We believe digital assets are here to stay and hope that through our insurance policies, we will help to drive positive change for the digital assets industry.

According to a report by Forbes, companies that base their businesses around digital tokens can purchase currently available cyber and business disruption insurance policies from existing insurance providers. One example would be Aegus Trust which introduced a \$25 million insurance policy for digital assets targeting exchanges, institutional investors and hedge funds. However, there still remains a largely underserved segment of retail clients who are equally as eager as institutional investors to have their digital assets insured.

The nature of what insurance providers do is risk assessment before subsequently pricing their products. The complex nature of digital assets makes it innately harder for insurance providers to price their premiums if they were otherwise unfamiliar with the mechanics of digital assets. Therefore, NIACE is looking to team up with established insurance providers and established cryptocurrency exchanges to underwrite the ideal digital asset policies. This will marry the expertise from both industries and will give rise to the optimal digital asset insurance policies for our valued customers.

We believe that mainstream digital asset insurance will be available to the mass market in the immediate future just like how pet insurance gained popularity at the height of the pandemic. However, in the interim it is paramount that consumers continue to work with insurance providers to create innovative and sustainable solutions towards digital asset insurance. Therefore, we hope that our customers will continue to engage with us so that we can continue to deliver policies that meet your digital asset insurance needs.