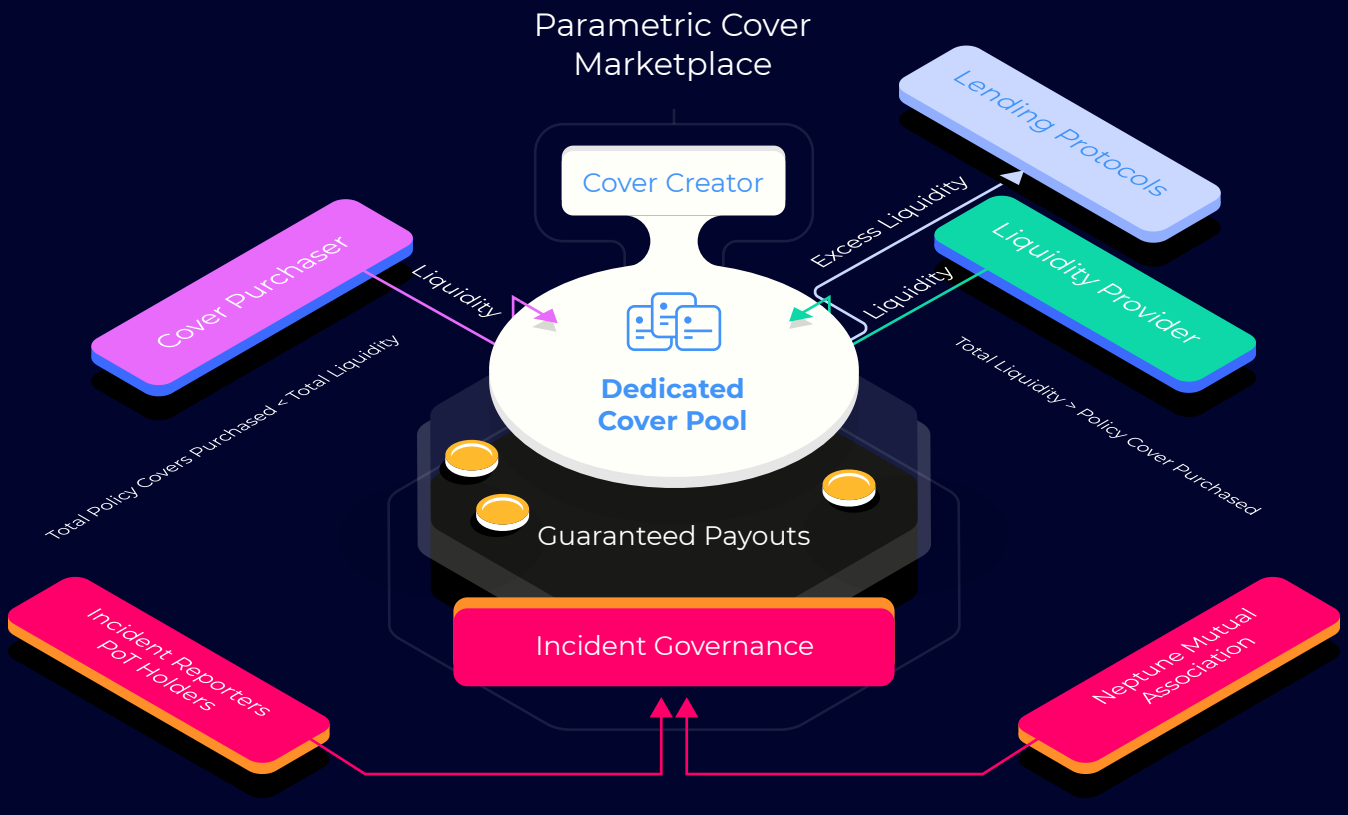
Dedicated Cover Pool



What is a Dedicated Cover Pool?

- Neptune Mutual's parametric cover is all about the parameters. If they are triggered, all policyholders are guaranteed a payout. Fast resolution, guaranteed payout.
- The major stakeholders within Neptune Mutual are: cover creators, liquidity providers, cover purchasers.
- Cover creators have the flexibility to design their dedicated cover pools. They can also participate as liquidity providers and choose to provide reassurance to their cover pools and protect their community.
- Liquidity providers receive stablecoin returns and token rewards. They also get extra incentives from cover creators and/or Neptune Mutual in addition to the stablecoin yields generated from the cover pools.
- Cover purchasers pay stablecoins to purchase cover policies. Cover fee income and investment returns are all in stablecoin format, supporting a long term sustainable model that does not rely on token price performance.
- Dedicated cover pools minimise risk: an incident in one project doesn't affect another.

Cover policies can be bought directly from the dedicated cover pool. Cover creators offer their user and investor community a choice in the way they manage their exposure to risks associated with their platform.

How does it work?

- After passing Neptune Mutual's vetting process, a dedicated cover pool is created by a cover pool creator.
- The cover creator defines the cover rules and parameters the cover will protect against.
- Cover creators determine policy pricing offered by the cover pool, including floor and ceiling price, cover commitment, and reassurance pool support, just to name a few.
- The cover pool will require enough liquidity to get it started. Usually, cover creators will invest their own capital to kickstart the process of attracting liquidity. They will also attract liquidity providers through the use of the numerous features available on the platform, including staking and proof-of-deposit (POD) staking programs, and so on.
- Neptune Mutual and cover creators will work closely together to communicate the value of parametric protection to their respective communities. Putting in place a solution that can rapidly provide a payout in the event of a hack.

What makes dedicated cover pools unique?

Dedicated cover pools provide a guaranteed payout to policyholders.

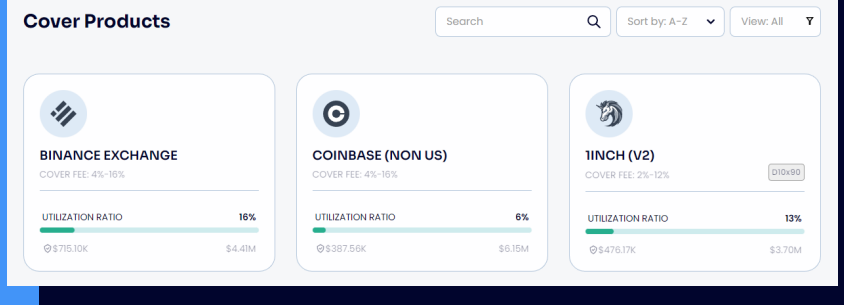
- Coverage based on objective, agreed-upon parametric triggers. The event that triggers the payout either happened or not. Furthermore, and importantly, it is the event that is assessed, not individuals' losses; this makes the payout process more predictable and reliable.
- Claims payouts, and the rules for releasing them, are predetermined. This allows for policyholders to be paid within days of a validated incident, instead of weeks or months.
- No claims assessment process for individual policyholders, so no need for an adjuster to investigate countless claims using a discretionary approach and often, questionable outcomes.

Additionally, to compensate and alleviate some of the risk taken by the liquidity providers, cover creators can provide a reassurance token that will re-capitalise a portion of the dedicated cover pool in the event an incident arises.

Why purchase cover protection from Neptune Mutual?

Simply connect to the Neptune Mutual marketplace with Metamask and purchase protection from a Neptune Mutual cover pool of your choice. Most importantly, cover purchasers can rest assured that their claims will be paid upon incident resolution.

Streamline incident resolution by eliminating the need to assess individual claims. Once resolution is reached in the cover incidents, the payout is validated for every policyholder. The payout stays the same during the term length and the policyholders cannot file a claim exceeding the agreed upon amount.



Cover, protect, and secure your on-chain digital assets.

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