



CYA WHITE PAPER

Prepared by Kaizen Ventures



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The purpose of this white paper is to present the CYA token to potential token holders in connection with the planned initial coin offering (ICO). The information set forth below may not be exhaustive and does not imply any elements of a contractual relationship. The sole purpose of this white paper is to provide relevant information to potential token holders in order for them to decide whether to undertake a thorough analysis of the company with the intent of acquiring CYA tokens.

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A BRIEF HISTORY OF BLOCKCHAIN

Blockchain technology has emerged over the last few years, offering new solutions to complex problems by utilizing the power of distributed ledgers. This new type of network allows for decentralization of information and brings significant advantages over existing applications and frameworks of thinking. Open blockchains, like Bitcoin and Ethereum, have a number of properties that set them apart from centralized databases typically used to record information.

1. **Durability** - By creating a peer to peer network, transactions constantly checked and agreed upon by every member of the network. This insures integrity as a whole on an ongoing basis. Any changes to the blockchain are recognized and must be agreed upon by the majority.
2. **Inexpensive** - Rewards for computing power and keeping the ledger updated are built into the system. This allows transfers to only cost a small transaction fee and removes any middlemen that may impose fees or delays.
3. **Transparency** - The peer to peer network is maintained and visible to everyone within it. Everything that ever takes place on the ledger is visible to anyone.
4. **Security** - Since the blockchain is maintained by such a large network, no one person can alter data or submit fraudulent transactions by themselves since it would require them to gain a majority of the networks computing power (which would cost billions of dollars). If a user does successfully attack the system, the value of the network would drastically drop, leaving the attacker with nothing of value. The larger the network of users becomes, the more valuable the token becomes. This leads it to become increasingly more difficult to try and alter the ledger as the value of the token grows.



5. Anonymity - Blockchain addresses cannot be intrinsically associated to a specific individual since they are essentially just a string of random characters. This ensures a high level of security when needed but also allows for relationships to be built based on past transactions, due to the transparency of the network.
6. Immutability - A transfer that has been accepted into the network cannot be reversed. This allows the blockchain network to behave like cash in the fact that there are no chargebacks. This also provides a clearer audit trail, as past transactions cannot be altered.

PROBLEM

The extended warranty industry has not kept up with the demands of the average North American consumer. While extended warranties offer many benefits, those benefits are sometimes overshadowed by a typically burdensome and sometimes overwhelming registration and claims process. Yet, as prices of consumer electronics and repairing them rises, extended warranty purchases have been, and will continue, to be on the rise for the foreseeable future. Despite this, the time between the initiation of a claim and the actual customer receipt of a claim payment can sometimes exceed 4-6 weeks.

Purchasing Extended Warranty

Purchasing an extended warranty has become a simple process in today's industry. Most stores and websites offer extended warranty for purchase directly during the product's purchase. However, these warranties are normally for a fixed term (1-2 years) and fixed cost. Consumers do not have the flexibility to purchase an extended warranty that suits their needs.



Warranty Registration

Warranty contracts are usually written with a list of terms that the customer must fulfill or else pass on some, or all of the contracts benefits. These terms normally include registering your product in a certain way or within a certain time period. These terms tend to be confusing, and can often leave consumers frustrated.

The Claims Process

The claims process requires a customer to spend a considerable amount of time describing the problem, and submitting all the needed information. If the initial registration was incomplete, customers will have to spend even more time submitting missing information. As the claims process usually takes place a long time after the registration, customers may find the information that needs to be submitted to be difficult to locate.

Fees

The deductibles that most extended warranties carry can be so high that they offset any, if not all, the benefits of an extended warranty.

Repair Time

It can take a week, if not two from the moment a customer ships their item to a designated repair center to the time it is delivered back to the customer's doorstep. The availability of parts can also drastically cause a claim to be delayed, and this usually happens when the customer's product is already at the service center.



Administration of Extended Warranties

Administering service plans comes at a great expense to the providing company. Costs can involve owning or renting physical office locations, staffing call center representatives, legal and administrative fees, costs to employ on site repair technicians as well as compliance fees and utilities, including high level phone and IVR systems to accommodate high call volume.

SOLUTION

CYA's parent company, Consumer Priority Service (CPS), has been around since 1989. They have built consumer trust around extended warranty management services. This experience puts CYA in an ideal position to disrupt the current extended warranty market.

CYA aims to do away with the time and hassle between when a customer's device breaks, and when the issue is resolved. Using the benefits of transactions on a blockchain, CYA's goal is to achieve near-instant reimbursements for broken or damaged devices.

CYA will build a decentralized extended warranty ecosystem, in which consumers can easily insure devices. The platform will allow consumers to pay insurers in an easier fashion, and payouts when a device is damaged will be instantaneous.

The platform will also allow anyone to become an insurer. This will allow users in the network to financially benefit from insuring other users' products, and create a more efficient extended warranty platform.

The third type of node in the network will be insurance analyst (work that CPS currently does). These nodes will verify customer requests for insurance and will give a fair price quote which the insurer nodes can use to charge customers. Insurance



analysts will be paid automatically for their efforts and will be rated based on accuracy so customers and insurers are getting the most trusted information. As analyst nodes can be run from anywhere in the world, the costs will be determined by the supply and geography of analysts in the network. This should reduce overall price of purchasing an extended warranty contract for a customer.

Purchasing and registering a warranty

CYA will be a direct to consumer platform that will be purchased separately from the product. Coverage can be initiated from a mobile device or a computer using the CYA app (in development). Purchasing new coverage will be kept simple, easy and instantaneous. Customers will be asked to provide basic information about themselves and of the product to be insured (ie: price paid, date of purchase, and a picture of product (proof of condition), manufacture date and serial number.) This process will allow for a much quicker and simpler process than most warranties and will be designed to be completed from a smart device in under 5 minutes. (Warranty coverage will be limited to products 5 years and younger)

Monthly Subscription

The coverage duration on the CYA platform will be monthly, offering customers a more flexible extended warranty service. CYA's monthly premiums will be pegged to the USD currency. Users will be automatically charged each month from their CYA wallets, and if the account is empty the platform will remind customers to add CYA tokens to their wallet.

To increase customer loyalty, discounts will also be offered to customers who purchase bundles of warranties.



Filing Claims

Filing claims on a broken device will be a simple process. Instant settlement claims will be offered on the platform, as users will simply select the covered item that has an issue.

For a small device users will have three options:

- 1) Users will send the device in for repair at any authorized (pre-approved for service or replacement) CYA facility of their choosing and have the device repaired or replaced for them.
- 2) Customers may submit an estimate from any repair shop. It will be reviewed by a warranty analyst node, and be fully approved, partially approved, or denied. Approval will trigger a smart contract to release money from an escrow that the insurer created, and the money will be deposited directly to the customer's account.
- 3) Receive instant monetary settlement based on current market value. Customers will then have to send their product to a CYA facility within 30 days of settlement. The device will be liquidated and the insurer will be paid the amount.

For larger items, that require in home service, customers will also have 3 options:

- 1) Allow CYA to arrange for service under warranty (if insurer is another user, CYA will waive a fee for the service).
- 2) The estimate from any repair shop will be submitted, reviewed by the warranty analyst nodes, and be fully approved, partially approved, or denied. Approval



will trigger a smart contract to release money from an escrow that the insurer created, and the money will be deposited directly to the customer's account.

- 3) Receive instant monetary settlement based on current market value of the product. However, as the units are too large to be returned and salvaged, that will be taken into account to calculate the settlement value.

With CYA's new platform, customers will have easy access to their warranty and will no longer need to wait days or weeks to get reimbursed. All transactions within the platform will be processable using CYA tokens. Smart contracts will be utilized to modify warranty logic for each contract. For example, if an item is submitted for instant settlement, the smart contract can interact with an oracle to verify the current market price of the product, and pay out the customer from the escrow. The smart contract will then verify if the required documents are submitted within 30 days, to confirm that the device has been liquidated. If not, the money will be returned from the customer to the insurer. If the device has been liquidated the smart contract will settle the claim, return remaining money in the escrow to the insurer and return the salvage amount to the insurer.

Deductibles

The insurers in this platform (either CYA or an insurer node) will charge monthly rates to customers. Deductibles can either be a monthly debit from a customer's token wallet, or a reduction in the payout on the estimate or settlement of an item.

Current Market Value

Determining the current market value of a product is a relatively easy process. CYA understands and appreciates the need for this number to be as fair as possible for both the customer as well as the insurer. CYA utilizes a proprietary smart depreciation



algorithm which was developed internally over the past 15 years. It relies on CYA's own market data as well as live data acquired from third party marketplaces (such as Ebay, Google, specialty websites). CYA uses these sites to locate recent sales, usually within the last 90 days, for the same make and model of the product which requires coverage. All of these data points together calculate a fair current market value to be offered to customers as an alternative to repair. Each time an offer is accepted or rejected, the algorithm adjusts itself to maximize benefits for both the customer and the insurer.

Rankings

The CYA platform will have rankings for customers, insurers and insurance analysts. The rankings will be based on claim history, payment history, number of products warranted/analyzed, among other things. This will allow customers to be paired with reliable insurers, and insurance analysts. It will also reduce the risks for insurers, as they will be paired with reliable customers. The ranking system will further improve trust in the CYA platform.

Avoiding Sybil-Attacks

A sybil attack is a “type of attack that can be carried out in reputation-based P2P systems that rely on reputation dissemination. In this case, an attacker masquerades as multiple simultaneous identities to attain unjustified praising of itself (i.e., to obtain a higher reputation score) or to launch a defamation of character on another peer.”¹

In the CYA platform sybil attacks will be avoided due to the financial costs associated with getting a higher ranking. For a customer to get a high ranking they have to purchase warranties, and pay monthly deductibles. An insurer has to put money in to

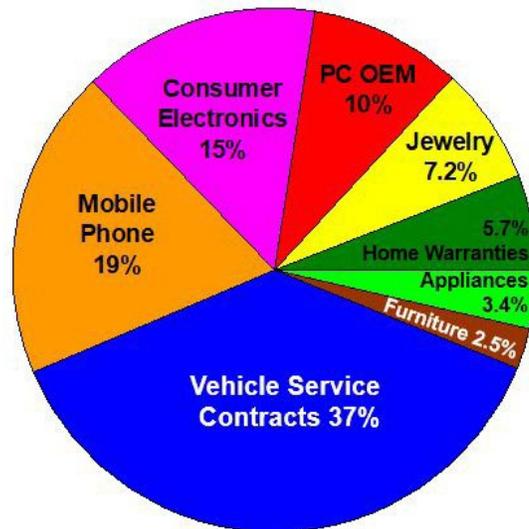
¹ What is a Sybil Attack, IGI Global website, 2018, <https://www.igi-global.com/dictionary/sybil-attack/28903>



an escrow to complete a warranty contract, and pay out in case a claim is filed. Finally, insurance analysts have to utilize time and expertise to review warranty contracts. This allows the reputation based system in the CYA platform to be resistant to sybil attacks, keeping trust in the system high.

ADDRESSABLE MARKET

In 2017, the warranty market, also called service contract market, for consumer electronics, mobile phones, and PC OEM, which is the markets that CPS currently services and CYA will cover, amount to 44% of the total market. This amounts to \$19.67 billion in market size, in the United States of America alone.²



U.S. Consumer Service Contract Market Premiums Paid by U.S. Consumers, 2017

In terms of consumers, The Warranty Group Inc did a survey with a sample size of 719 participants from the U.S to discover consumers' preferences according to age. The

² Service Contract Market Size, The Warranty Group, 2018



bar chart below shows that people between the ages of 18-34 and 55+ are more likely to purchase an extended warranty. 37% of the population that purchases service contracts are between the ages of 18-34, proving that the younger generation is more likely to buy extended warranty products.³ This group would be a reasonable start for CYA to enter the market.



The Warranty Group's Consumer Research Age of Service Contract Buyers

³ Bob Bean, Service Contract Market Research, The Warranty Group, 2018



GO TO MARKET STRATEGY

USERS (PHASE 1): ICO PARTICIPANTS

Crypto Enthusiasts

CYA is looking to target crypto enthusiasts for the ICO fundraising stage. Crypto enthusiasts are encouraged by networks that have utility, and the promise of returns, that can be liquidated into Ether (or the native token) will be exciting for many. The changing value of the CYA token may motivate crypto enthusiasts to bring more people to the network, helping CYA get more attention from the public.

The average crypto enthusiast is a mid-twenty year old male who is deeply interested in science and technology. Crypto enthusiasts have a passion for decentralized networks, and support projects that look to disrupt traditional centralized services. Crypto enthusiasts drove the popularity of crypto currency, but are lagging in terms of monetary investments.

Retail and Corporate Investors

CYA is interested in retail and corporate investors, as there is a growing trend in this demographic towards investing in blockchain projects. This demographic category is normally populated by men in their late 30s who have more money to invest in projects. This demographic is also technologically literate, but are not as passionate about decentralization, and are more concerned with high returns.



Having accredited retail and corporate investors participate in the SAFT and presale, will give the CYA project further legitimacy. Going after accredited investors, also gives the CYA project legal protection, something a large public ICO fails at.

USERS (PHASE 2): TARGET CONSUMERS

CYA's target consumer for both the insurer and insuree nodes in the platform will be tech savvy millennial customers, with modest incomes. Geographically the customers CYA will be targeting will be in major US cities, where there is a strong culture of technology and business. Cities such as New York, or San Francisco are perfect examples.

The target segment CYA has outlined understand concepts of decentralization, and expect low costs and fast service from the products they use. Insurance has not kept up with these expectations, and CYA plans to fill the gaps that currently exist.

The top 5 most populous US cities have a combined population of 19 million people. With 25% of Americans being millennials, the estimated market size for CYA, if the company launched in the five biggest US cities, would be around 4.75 million.



COMPETITORS

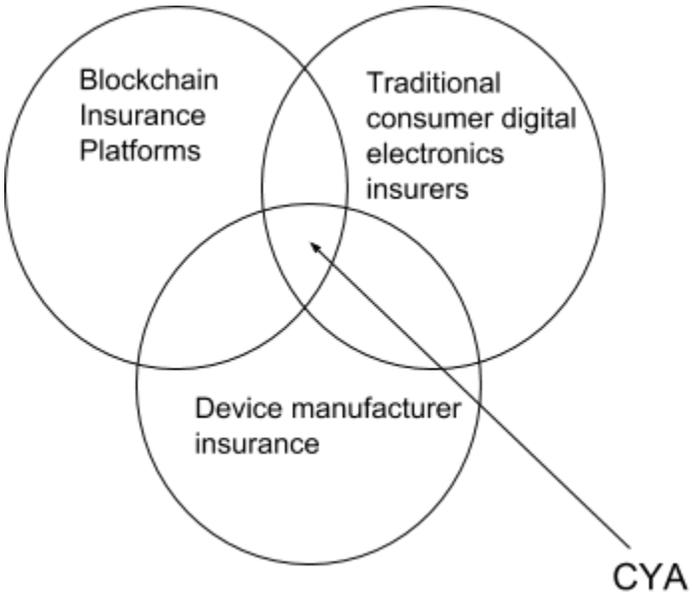
Blockchain insurance platforms

WeTrust⁴

WeTrust is building a decentralized platform which allows to build financial product dApps. The WeTrust platform looks to build lending circles that will replace traditional banking and insurance platforms.

The senior team has experience working at fortune 500 companies, and the advisors include Vitalik Buterin, founder of Ethereum.

Although not currently a direct competitor to CYA, the WeTrust platform will allow users to build insurance dApps that could become direct competitors to CYA. The project is being developed in the United States, so there is potential customer overlap with CYA.



Ethersic⁵

The Ethersic project is building a decentralized insurance platform. The current use cases the company is focusing on are: flight insurance, social insurance and crop insurance.

⁴ WeTrust company website, 2018, <https://www.wetrust.io/>
⁵ Ethersic company website, 2018, <https://etherisc.com/>



Ethersic has already begun its token generation event, and the company has demo dApps for all their use cases.

The Ethersic platform is focused on a broad range of insurance use cases, and has not outlined consumer electronic goods as a priority. The platform could potentially become a direct competitor to the CYA platform however, Ethersic does not have the same infrastructure as CYA to succeed in consumer electronic goods insurance.

Traditional Consumer Electronic Goods insurance companies

With the consumer electronic goods insurance market making up a significant portion of the extended warranty market, it is important to note the competitors in this sector.

CYA's parent company, Consumer Priority Service (CPS), faces a lot of competition in the consumer electronic goods insurance market. The size and success of these competitors is also a threat to CYA. If consumers prefer the old model of insuring their electronic products, it will be difficult for the CYA blockchain network to grow.

Competitors in this market include:

- Assurantsolutions⁶
- CoverWallet⁷
- SquareTrade⁸

⁶ Assurant Solutions company website, 2018, <https://www.assurantsolutions.com/>

⁷ CoverWaller company website, 2018, <https://www.coverwallet.com/>

⁸ SquareTrade company website, 2018, <https://www.squaretrade.com/>



Manufacturer's Insurance

Large companies that sell insurance directly with their product are another competitor for CYA. Apple for example, provides customers with Apple Care, which allows protection for a majority of a devices lifespan. The major downfall of manufacturer specific insurance, is that it tends to be expensive and only provides coverage for specific items.

A network to provide insurance for all extended warranties would most likely not come from a single manufacturer, creating an opportunity for an external company to create a more holistic extended warranty platform.

TECHNOLOGY STACK

CYA will utilize two separate tokens in the network. To represent the warranty contracts, and the unique attributes that each contract will have, CYA will build a non-fungible ERC 721 token.

The settlement layer CYA token, will be built using an ERC 20 token standard. This is the token that will be released during the token distribution event, and will be listed on exchanges.

CRYPTO ECONOMIC MODEL



Token Distribution Event

CYA plans to release 1 billion tokens over three stages.

During phase one CYA will look to raise capital from accredited investors in exchange for a Simple Agreement for Future Tokens (SAFT). 35% of the tokens will be pre-sold in this phase.

In the second phase CYA will hold a token pre-sale for serious investors to purchase the CYA token. Another 35% of the tokens will be sold during the pre-sale.

The final phase will be a public ICO, in which CYA will sell another 10% of the tokens.

The remaining 20% of the tokens will be distributed to the CYA team and advisors.

Use of Proceeds ICO	Percentage	Net
Development	43%	430,000,000
Legal	11%	110,000,000
Marketing & Promotion	16%	160,000,000
Platform Incentivization	21%	210,000,000
Code Review / Bug Bounty	3%	30,000,000
Over heads	6%	60,000,000
Total	100%	1,000,000,000

Total Supply	
Total CYA Supply	1,000,000,000
Total Minted for ICO	1,000,000,000
Total Mined	0
Years Until Total Supply is Mined	0

ICO Distribution	Percentage	Net
Team + Advisors	20%	200,000,000
SAFT	35%	350,000,000
Pre-sale	35%	350,000,000
ICO	10%	100,000,000
Total	100%	1,000,000,000

Use of Proceeds SAFT	Percentage	Net
Development	50%	175,000,000
Legal	10%	35,000,000
Marketing & Promotion	20%	70,000,000
Platform Incentivization	7%	24,500,000
Code Review / Bug Bounty	3%	10,500,000
Over heads	10%	35,000,000
Total	100%	350,000,000



ROADMAP

Stage	Date	Description
Pre-ICO	TBD	CYA will launch its initial website at http://cya.insure/ and begin its bounty program.
ICO	TBD	Official sale of CYA tokens begin with 3 different stages
Post-ICO	TBD	Application to exchanges (Poloniex, HitBC, LiveCoin)

TEAM AND ADVISORS

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