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# Stablecoin Reserve Insurance: Who Actually Protects the 1:1 Backing?

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# Where Reserves Live

**Every stablecoin promises full backing, but those reserves sit with third parties.**

- **Cash in commercial banks**
- **Treasury bills with custodian banks**
- **Money market funds, increasingly tokenised on-chain**

**A backed coin is only as safe as where it sits.**

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# Every Link Is Exposed

**Each party that touches the reserves brings its own way for them to be lost.**

- Theft, fraud, and employee dishonesty
- A custodian or counterparty that fails
- Compromised keys where reserves are tokenised

**The reserve can be lost without the coin ever de-pegging.**

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## How Cover Responds

**Insurance can protect the reserves, but the exposure spreads across several policies.**

- Crime cover for theft, fraud, and social engineering
- Specie cover, now reaching crypto in cold storage
- Digital asset cover for tokenised reserves

**No single policy covers the whole chain.**

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## Where the Gaps Open

Even with cover in place, two problems leave reserves exposed.

**Available limits rarely match coins in circulation**

**Wordings and custodian indemnities vary by market**

**Bought separately, gaps open between the policies**

**Cover is only as good as the limit behind it.**

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## The Full Picture

**A stablecoin is only as solid as the reserves behind it, and the cover protecting those reserves is rarely as simple as one policy.**

**The latest article breaks down who insures the reserves, and where the gaps remain.**

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