

Nexus Mutual Sherlock Bug Bounty Cover Terms & Conditions (the "Cover Terms")

COVER TERMS

A) These Cover Terms including any Schedules govern the use of the Sherlock Bug Bounty Cover. Schedules and Annexes shall have effect as if set out in full in the body of these Cover Terms and any reference to these Cover Terms includes the Schedules and Annex. This Cover only applies to the specific Underlying Risk listed in the Annex attached to the Members Smart Contract Data.

1. COVERAGE.

- a. Covered Event: Nexus Mutual *may* pay a Claim under these Cover Terms if:
 - i. During the Cover Period the Covered Member makes an Underlying Claim Payment; and
 - ii. The Covered Member submits a Claim during the Cover Period or within 35 days of the Cover Period ending.
- b. Nexus Mutual *may*, subject to the Claim Assessors vote and these Cover Terms, reimburse the Quota Share Percentage of Underlying Claim Payments subject to a maximum of the Cover Amount.
- c. The Covered Member must submit a Claim on the blockchain within the following timeframes:
 - i. at least 14 days after the event listed in clause 1 (a) above; and
 - ii. during the Cover Period or within 35 days of the Cover Period ending.

2. CLAIM AMOUNT.

- a. "**Cover Amount**" means the maximum amount payable under the Cover which must be equal to the Quota Share Percentage of the Total Cover Amount of the Underlying Risk. See *note on underlying risks*. The Cover Amount is specified in the Member Smart Contract Data.

3. EXCLUSIONS. This Cover does not cover loss, damage, cost or expense of whatsoever nature arising out of or relating to:

- a. Any payment made under the Sherlock Bug Bounty Coverage Agreement where the bug is not classified as "Critical" on the approved bug bounty platform.

5. REPRESENTATIONS AND WARRANTIES.

- a. By accepting these Cover Terms, the Covered Member represents and warrants that:
 - i. It is purchasing the Cover with full knowledge and acceptance of its terms and conditions without any reliance on any representation, warranty, advice or other statement by Nexus Mutual or any of its representatives or advisors regarding any legal, tax or accounting implications or requirements of the Cover.

6. NO BENEFIT TO THIRD PARTIES. Except as expressly set forth in these Cover Terms, none of the provisions in these Cover Terms shall be for the benefit of or be enforceable by any person other than the Covered Member.

7. REDEEMING THE CLAIM. Subject to the approval of a Claim as outlined in these Cover Terms, the Covered Member may redeem the Claim Amount within 30 days from the Claim approval date.

8. **REIMBURSEMENTS.** The Covered Member shall preserve any Reimbursement or other rights against any other person or entity for any loss, and preserve Nexus Mutual's Reimbursement rights with respect thereto.
- a. In the event a Claim made by the Covered Member is approved and redeemed under these Cover Terms, the Covered Member agrees and warrants that it will:
 - i. Promptly, and in any event no later than within 20 days, assign all rights over any Reimbursements, or rights to any Reimbursements to Nexus Mutual and/or the Foundation; and
 - ii. Promptly, and in any event no later than within 5 days of receipt, forward any Reimbursements received by the Covered Member to Nexus Mutual and/or the Foundation
 - b. If the Covered Member is unable to assign such rights to Reimbursements to Nexus Mutual and/or the Foundation, or if Nexus Mutual and/or the Foundation so desires, then, instead of assigning such rights to Nexus Mutual and/or the Foundation, the Covered Member shall allow Nexus Mutual and/or the Foundation to bring suit in their name.
 - c. In no event shall the Covered Member waive any rights that could adversely affect any such Reimbursement or assignment rights. Any amounts recovered by Nexus Mutual and/or the Foundation in connection with the exercise of its Reimbursement or assignment rights shall be applied first to reimburse Nexus Mutual for any Claim paid by Nexus Mutual pursuant to this Cover and for any costs or expenses incurred in connection with such recovery and then the remainder of such recovered amounts shall be paid to the Covered Member.
9. **OFFSETTING RECOVERIES.** Any Claims under this Cover shall be reduced by any recoveries (including recoveries from any contractors, subcontractors, suppliers or any insurance policies or indemnities) actually paid to the Covered Member.
10. **MISREPRESENTATION AND FRAUD.** This entire Cover will be void if, whether before or after a Covered Event, the Covered Member has:
 - a. willfully concealed or willfully misrepresented any material fact or circumstances relating to this Cover, the subject thereof, or the interest of a Covered Member.
 - b. made any attempt to defraud Nexus Mutual.
11. **SEVERABILITY.** If any provision or provisions of this Cover shall be held to be invalid, illegal, or unenforceable for any reason whatsoever, then the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Cover containing any such provision held to be invalid, illegal, or unenforceable that are not themselves invalid, illegal, or unenforceable) shall not in any way be affected or impaired.
12. **TRANSFERABILITY.** This cover is only valid if it is purchased by the Sherlock Protocol and becomes entirely void if it is transferred to another address that is not owned by the Sherlock Protocol.
13. **ENTIRE AGREEMENT.** These Cover Terms and any applicable Schedules and Annexes constitute the entire Cover Terms and no member, or Nexus Mutual as a whole, shall be liable or bound to any other member in any manner by any warranties, representations or covenants outside these Cover Terms.

DEFINITIONS

"**Annex**" means an annex attached to the Members Smart Contract Data containing the Underlying Risk terms and conditions.

"**Claim**" means any request by the Covered Member in accordance with these Cover Terms to be reimbursed for a loss resulting from a Covered Event.

"**Claim Assessor**" means a Member who assesses a Covered Member's Claim under these Cover Terms.

"**Cover**" means the matters which are the subject of the discretionary cover provided by the Mutual as set out in the Member Smart Contract Data and these Cover Terms.

"**Covered Event**" means the event as described in clause 1(a) (Covered Event) of these Covered Terms.

"**Covered Member**" means a Member that purchased Cover and, where the context requires, a former Covered Member. For the purpose of this Nexus Mutual Sherlock Quota Share Cover the Covered Member is the Sherlock Protocol,

"**Cover Period**" means the period of time that a Covered Member is protected under this Cover, specified by the Covered Member when purchasing Cover and stated in the Member Smart Contract Data.

"**Foundation**" means Terrapin International Foundation.

"**Member**" means an individual or entity who has paid their Membership Fee and is entered in the Mutual's register of members and, where the context requires, a former member.

"**Member Smart Contract Data**" means data held on the Ethereum Network in relation to a specific Member Address.

"**Nexus Mutual**" means Nexus Mutual DAO.

"**Quota Share Percentage**" means the value specified in the on-chain data provided by the Covered Member when the Cover was purchased or 50%, whichever is less.

"**Reimbursement**" means any current, past, or future indemnification, reimbursement or recovery or right to indemnification, reimbursement or recovery of an approved and redeemed Claim made under the Cover, or promised to be made, or made available to Covered Members.

"**Schedule(s)**" means, where applicable, a schedule attached to the Member Smart Contract Data.

"**Total Cover Amount**" means the underlying cover amount purchased by the Covered Member that includes both the Nexus Mutual portion and the Sherlock Bug Bounty Coverage Agreement portion of cover.

"**Underlying Risk**" means the specified protocol listed in the Annex which is covered by the Sherlock Protocol.

"**Underlying Claim Payments**" means claim payments made by the Sherlock Protocol in line with the Sherlock protocols' terms and conditions on the underlying risk.

Notes:

Note 1 – Underlying Risk and Cover Amount Inconsistency

If there is an inconsistency between the Cover Amount purchased and the Quota Share Percentage of the Total Cover Amount, then:

- a) Claim Amounts can not exceed the Quota Share Percentage of the Underlying Claim Payments;
and
- b) The Quota Share Percentage will be proportionally reduced if the Cover Amount is less than the Quota Share Percentage multiplied by the Total Cover Amount of the Underlying Risk.