

Nexus Mutual Protocol Cover Terms and Conditions (the "Cover Terms")

These Cover Terms govern the use of the Protocol Cover.

Claims

1. Subject to clause 3 (Exclusions), Claim Assessors *may* approve a Claim made under this Protocol Cover if:

- 1.1. the Covered Member is a user of the Designated Protocol and during the Cover Period the Designated Protocol loses Covered Member funds in excess of the Deductible as a direct result of the Designated Protocol failing from either:

- 1.1.1. a smart contract code bug or error resulting in the Designated Protocol being used in an unintended way; or

- 1.1.2. a Sudden and Severe Economic Event occurs which results in the unintended confiscation or seizure of funds deposited by the Covered Member into the Designated Protocol.

and

- 1.2. the Covered Member provides Cryptographic Evidence:

- 1.2.1. Linking ownership of the Impacted Account to the account of the Covered Member submitting the Claim; and

- 1.2.2. Should the Cover NFT be transferred to another address post loss event:

- 1.2.2.1. the transfer of the NFT is made directly to a Nexus Mutual Member Address; and

- 1.2.2.2. the sending and receiving addresses are both controlled by the same person or entity.

and

- 1.3. the Impacted Account has suffered a Material Loss;

and

- 1.4. the Covered Member submits a Claim within the following timeframes:
 - 1.4.1. at least 14 days after the loss event listed in clause 1.1; and
 - 1.4.2. during the Cover Period or within 35 days of the Cover Period ending.
2. **Redeeming:** subject to an approval of a Claim as described in clause 1, the Covered Member may redeem the Claim Amount within thirty (30) days from the Claim approval date.

Exclusions

3. Covered Member will not be able to submit a Claim under these Cover Terms for any of the following:
 - 3.1. any events or losses where the vulnerability in a deployment of the Designated Protocol originates on a non–Ethereum Virtual Machine compatible chain.
 - 3.2. any events or losses due to phishing, private key security breaches, malware, miner behaviour or any other activity where the Designated Protocol continues to act as intended.
 - 3.3. any events or losses where the Designated Protocol was deployed primarily for the purpose of submitting a Claim under this Protocol Cover and not for real usage by the User.
 - 3.4. any events or losses occurring during the Cover Period if:
 - 3.4.1. the event occurred before the Cover Period began; or
 - 3.4.2. a public bug disclosure or warnings related to the event were made for the Designated Protocol before the Cover Period began; or
 - 3.4.3. where a public bug disclosure or warnings related to the event were made for the parent protocol before the Cover Period began, and the Designated Protocol is a fork of that parent protocol.
 - 3.5. any events or losses resulting from movements in the market price of assets used in, or relied upon, by the Designated Protocol except for any losses caused by asset price movements where the price movement meets the definition of oracle manipulation under clause 1.1.2 (Sudden and Severe Economic Event).
 - 3.6. any events or losses resulting from the de-peg of any asset that the Designated Protocol generates.

- 3.7. any events or losses resulting from the Owners or Controllers of the Designated Protocol confiscating or stealing funds from Users in line with the permissions of the Designated Protocol irrespective of the individual or entity that has access to the private keys of the Owner or Controller accounts (*"rug pull" exclusion*).
- 3.8. Any events of losses due to the user interface or website errors where the Designated Protocol continues to act as intended.
- 3.9. Any events or losses due to the failure of any components of the Designated Protocol that are used to bridge assets from one blockchain to another.
- 3.10. Any events or losses that occur prior to the Cover NFT being transferred to another address unless it meets the criteria listed in clause 1.2.

Cover Termination

4. Cover ends when:
 - 4.1. the full Cover Amount has been redeemed in claims; or
 - 4.2. the Cover Period specified at purchase has ended;whichever is earlier.

Claim Amount

5. For a Claim resulting from clause 1.1.1, the Claim Amount should reflect the loss actually incurred by the member less the Deductible, up to a maximum payment of the Cover Amount.
6. For a Claim resulting from clause 1.1.2, the Claim Amount should reflect the loss actually incurred by the Covered Member in any two (2) hour period less the Deductible up to a maximum payment of the Cover Amount.
7. Loss amounts are to be calculated:
 - 7.1. at the time the loss actually occurred, or for a Claim resulting from clause 1.1.2 at the end of the two (2) hour period; and
 - 7.2. after subtracting any Reimbursements; and
 - 7.3. using exchange rates from *coingecko.com* or if not available any other reputable crypto pricing data site.

Reimbursements

8. In the event the Claim made by the Covered Member is approved and redeemed under this Protocol Cover the Covered Member agrees to:
 - 8.1. assign all rights over any recoveries or Reimbursements to Nexus Mutual DAO and/or the Foundation; and
 - 8.2. forward any recoveries or Reimbursements received by the Covered Member to Nexus Mutual DAO and/or the Foundation upon receipt.
9. Wherever possible, the Covered Member shall send any tokens that are likely to be used by the Designated Protocol for future Reimbursements to Nexus Mutual DAO and/or the Foundation in advance of submitting a Claim.
 - 9.1. If the Claim is subsequently denied, Nexus Mutual DAO and/or the Foundation shall return any submitted tokens in respect of clause 8 to the Covered Member.
 - 9.2. Claim Assessors shall use their judgement on a case-by-case basis should clause 9 be required as it is highly dependent on the specific circumstances of each submitted Claim.

Entire Cover Terms

10. These Cover Terms and any applicable addendums constitute the entire Cover Terms and no member, or the 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

"Claim" means a request by a Covered Member of a Claim Amount suffered due to a Loss Event, to be reviewed, discussed and voted on the validity of a submission by the Claim Assessors.

"Claim Amount" means the amount requested by a Covered Member, as calculated in clauses five to seven (5–7) inclusive.

"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.

"Cover Amount" means the amount of Cover specified in the Member Smart Contract Data by the Covered Member at purchase of Protocol Cover.

"Cover NFT" means the NFT token generated by the Nexus Mutual protocol that represents the Cover.

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

"Covered Member" means a Member who has Cover and, where the context requires, a former Covered Member.

"Cryptographic Evidence" means;

- when the Covered Member's Member Address is impacted directly, the submission of a Claim will be taken as that evidence;
- when an account that is not a Covered Member is impacted, sufficient cryptographic proof that links the Impacted Account with the Covered Member's Member Address, which could include a cryptographically signed message from the Impacted Account that references the Covered Member's Member Address or other equivalent cryptographically signed evidence.
- where cryptographic evidence is required due to the Cover NFT being transferred post Loss Event, sufficient cryptographic proof that links both the sender and the receiver with which could include a cryptographically signed message from the sender that references the receiver address or other equivalent cryptographically signed evidence.

"Deductible" means five percent (5%) of the Cover Amount.

"Designated Protocol" means open source smart contract code marketed under one brand, running on one or more public blockchain networks including any directly linked layer two components but excluding the underlying blockchain network or networks and the related mining or consensus activities. Designated Protocol specifically excludes any user interfaces, including websites or any other interface that is used to interact with the Designated Protocol.

"Foundation" means Terrapin International Foundation.

"Impacted Account" means an account which directly suffered a loss of funds as a result of the Loss Event.

"Loss Event" means a loss of funds as a direct result of the conditions defined in clause 1.1.1 or clause 1.1.2.

"Material Loss" means a loss of funds where the Claim Amount after subtracting any Reimbursement and the Deductible, exceeds gas related costs involved in operating the contract.

"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 Address" means the designated Ethereum blockchain address that is associated with the Covered Member, where the membership is active.

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

"Owner or Controller" means the blockchain address or addresses which have permission to upgrade, change or alter the Designated Protocol either in part or in full.

"Reimbursement" means any current, past, or future reimbursement or recovery of an approved and redeemed Claim made, or promised to be made, or made available to Covered Members. Should total or partial reimbursement be made available after a Claim was approved and redeemed, then clauses eight (8) and nine (9) and their respective subclauses will take effect.

"Sudden and Severe Economic Event" means the event must:

- a) be clearly outside the normal or intended operation of the Designated Protocol; and
- b) be caused by either:
 - i) oracle manipulation or failure; or
 - ii) severe liquidation failures where liquidation processes of the Designated Protocol clearly fail to operate correctly; or
 - iii) governance takeovers where a malicious actor forces through a malicious upgrade to a Designated Protocol smart contract.

"User" means the end-user of the Designated Protocol.