# The Retail Mutual Cover **(the "TRM Cover")**

## Cover Wording

A) These terms and conditions including any schedules and annexes govern the use of the TRM Cover. Schedules and annexes shall have effect as if set out in full in the body of this TRM Cover and any reference to this TRM Cover includes the Schedules.

B) The Parties agree that for the purpose of this TRM Cover, the Covered Member might need to liaise with and provide certain information to FRS in regard to fulfilment of certain clauses of this TRM Cover.

### Covered event

1. The Mutual *may* pay a Claim under this TRM Cover to the Covered Member if either of the following Covered Events takes places during the Cover Period:
    a. *Stop Loss:* The aggregate of Self-Retained Losses incurred during any Cover Year exceeds the Aggregate Limit (the "**Stop Loss**"); or
    b. *Excess of Loss:* Any Self-Retained Losses in excess of the Retention up to a maximum payout of the Limit of Indemnity as per the Covered Lines Table, is paid to an individual TRM member, in respect of the Covered Business (the "**Excess of Loss**").

2. The Covered Member must submit a claim during the Cover Period or within 425 days of the Cover Period ending.

### Reimbursements

3. 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.

## Transferability

4. If this TRM Cover is transferred to a different Ethereum address owned by the same Covered Member, sufficient cryptographic evidence must be provided that proves both the purchasing address and the transferred address are owned by the same Covered Member.

## Claim Payments

5. Claims under the Stop Loss portion of this TRM Cover:
   a. will be submitted after any recoveries are made from the TRM member wherever possible; and
   b. will use the Exchange Rate to convert GBP values into USD; and

c. will be submitted treating 1 USD as equivalent to 1 USDC.

6. Payments under the Excess of Loss portion of this TRM Cover:
    a. except where specified in clause 7b, will be made at the end of the Cover Year based on actual claims paid by TRM during the year and the actual contributions made by TRM members; and
    b. if the Aggregate Estimates show a projected loss of greater than £400,000 for the Cover Year then an advanced claim payment may be made for the excess above £400,000 before the Cover Year has been completed; and
    c. will use the Exchange Rate to convert GBP values into USDC; and
    d. will be submitted treating 1 USD as equivalent to 1 USDC.

## Rights

7. On a quarterly basis, TRM shall provide, or make accessible (whether by email or other electronic means) the Data to Future Risk Solutions.

8. TRM warrants represents, and undertakes that the Data provided to Future Risk Solutions is complete and accurate. Nexus Mutual DAO reserves the right to proportionally adjust any claim payments if the Data provided by TRM contained a material error which, if known, would affect the pricing of the TRM Cover.

9. TRM grants to Future Risk Solutions a right of inspection and auditing related to underwriting and claims processes, as well as the Data provided to Future Risk Solutions to ensure its completeness and accuracy at least once per year, unless more frequent audit is required.

10. TRM shall provide Future Risk Solutions with at least a four (4) weeks' written notice of any changes (including but not limited to change of control, size of the member pool, risk profile, Covered Lines) that might materially affect the pricing and Nexus Mutual's ability to provide the TRM Cover.

11. Any dispute arising out of or in connection with this TRM Cover, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the LCIA Rules, which Rules are deemed to be incorporated by reference into this clause.

a. The number of arbitrators shall be one.
b. The seat, or legal place, of arbitration shall be London, England.
c. The language to be used in the arbitral proceedings shall be English.
d. The governing law of the contract shall be the substantive law of England and Wales.

12. TRM shall take all reasonable steps to avoid or mitigate any losses or liability which may give rise to a Claim under this TRM Cover during the Cover Period.
13. Nexus Mutual shall not be liable for the payment of any commissions, taxes, levies or expenses incurred (including any fines or penalties for misselling etc) by TRM.
14. Neither the TRM nor any of its members shall be entitled to recover damages, or obtain payment, reimbursement or indemnity more than once in respect of the same loss, shortfall, damage, or any other event giving raise to a Claim.
15. Recovery from third parties: If the TRM is at any time entitled to recover or otherwise claim reimbursement from a third party in respect of any matter or circumstances giving rise to a claim, TRM shall take all necessary steps and use its best endeavours to enforce such recovery or seek reimbursement from the relevant third party and shall do so before making such claim against Nexus Mutual. If Nexus Mutual makes a payment to TRM in respect of such claim then section 4 (Future Reimbursements) will apply.
16. ENTIRE AGREEMENT. This TRM Cover and any applicable Schedules and Annexes constitute the entire agreement 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 this TRM Cover, whether or not in writing in relation to the subject matter of this TRM Cover.

## Definitions

**"Aggregate Estimates"** means the projected yearly aggregate position provided by TRM on a monthly basis that contains actual contributions and claim payments for historic months and estimated contributions and claim payments for future months up until the end of the Cover Year.

**"Aggregate Limit"** means a percentage of TRM's contributions in respect of the Covered Business, calculated on a consistent basis with that defined in Cover Fee, from TRM members in respect of TRM's covers commencing during the Cover Year. The percentage for the 2025/26 Cover Year is 50% as may be updated by way of a Schedule from time to time. The Aggregate Limit may be varied from time to time by a mutual written agreement of the parties to this TRM Cover with any variation to take effect at least three (3) months after the occurrence of the event triggering the increase at the date agreed by the Parties.

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

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

**"Cover Amount"** means the maximum claim amount payable under the Cover, and is set as the Cover Fee divided by the Cover Fee Rate chosen by the Covered Member when Cover is purchased.

**"Cover Fee"** means 11.5% of the contributions made to TRM in respect of the Covered Business converted to USD at the most recent Exchange Rate calculated as follows:

- The most recent months' contributions made to TRM will be on an estimated basis (the "**Estimate**"); and
- A true-up of the prior months contributions made to TRM will be applied on the difference between the estimated and actual values and added to the Estimate , (the "**Adjusted Fee**"); then
- The Adjusted Fee will be converted to USD using the most recent Exchange Rate.

**"Cover Fee Rate"** means the contribution charge in percentage terms including any commission for this TRM Cover. When the Cover Fee Rate is multiplied by the Cover Amount the result is the Cover Fee.

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

**"Cover Year"** means the yearly period beginning on the 15th of July and ending on the 14th of July the following year, starting on the 15th July 2025.

**"Covered Business"** means covers issued by TRM to its members that are incepted within the Cover Year for the risks specified in the Covered Line Table. For the avoidance of doubt the Covered Business explicitly excludes the TRM Decline Trades.

"**Covered Event**" means Stop Loss and Excess of Loss.

**"Covered Lines Tables"** means the following:

| **Covered Lines** | **Retention (the "Retention")** | **Limit of Indemnity (the "Limit of Indemnity")** |
|---|---|---|
| All other covers **excluding** the **TRM Decline Trades** | £200,000 | £800,000 effective from 16th July 2023 |
| Employers' Liability (Commercial) | *Not covered* | *Not covered* |
| Legal Liability to domestic employees | *Not covered* | *Not covered* |
| Public and Product Liability | *Not covered* | *Not covered* |

**"Covered Member"** means a Member who has Cover and, where the context requires, a former Covered Member, for the purpose of this TRM Cover, Covered Member means TRM, and Covered Member and TRM (as defined below) are used interchangeably.

"**Data**" means: (i) detailed claims history and exposure data previously provided by TRM in "All Cover Data.xls" and "All Claims.xls"; and/or (ii) detailed claims history and exposure data provided by TRM on an ongoing basis in a format materially similar to "All Cover Data.xls" and "All Claims.xls".

**"Exchange rate"** means the exchange rate between GBP and USD on https://www.xe.com/, or any other widely used public exchange rate site if unavailable, calculated on the following basis:

- For Cover Fees; the rate at 12pm UTC time, closest to 72 hours prior to any Cover purchase; and
- For Claims; the rate at 12pm UTC time on the day prior to claims submission.

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

"**Future Risk Solutions**" means Future Risk Solution, a company incorporated and registered in England and Wales with registered number 14509454 and registered address at 71-75 Shelton Street, Covent Garden, London, United Kingdom, WC2H 9JQ.

"**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.

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

"**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.. Should total or partial reimbursement be made available after a Claim was approved and redeemed, then clause four (4) and its subclauses will take effect.

**"Self Retained Loss"** means any sum actually paid by TRM in respect of the Covered Business which complies with the following requirements:

1. TRM has paid the sum to a Member, net of any Member's excess and net of any recoveries made; and
2. The payment is made pursuant to TRM's discretion under the TRM's rules of Nexus Mutual following a claim by a Covered Member; and
3. The payment is made in respect of Covered Business which, at the date of the claim, was also covered by TRM, albeit above TRM's Retention level; and
4. Such payment may include legal, professional and loss adjusters' fees, expenses and disbursements reasonably incurred by or reimbursed by TRM in relation to the relevant claim; and
5. Excluding any claims made under the *Excess of Loss* portion of this TRM Cover.

**"TRM Covered Entity"** means the NFRN Mutual Limited, a company incorporated and registered in England and Wales, company number 03810528, with its registered address at Barrington House, Heyes Lane, Alderley Edge, Cheshire, England, SK9 7LA (trading as The Retail Mutual ("**TRM"**)).

**"TRM Decline Trades"** means the following trades, which are excluded from Covered Business:

| | | |
|---|---|---|
| Antiques Retailing | Baby Goods Retailing | Bakery (no baking) |
| Any flying freehold | Bakery | Banks |
| Art Gallery | Bakery (baking on site) | Beauty Products |

Nexus Mutual

Beauty Salon

Bed and Breakfast

Bookmaker

Boutique

Breweries

Bureaux de change

Café (if primary trade)

Café (ex Deep Fat Frying) (if primary trade)

Cake Making & Decorating

Car Accessory Shop

Cash & Carry

Chemist - Dispensing

Cinemas

Coffee And Tea Retailing (if primary trade)

Coffee Shop (if primary trade)

Computer Repairs & Maintenance

Cycle Hiring / Repairing

Department Store

Dry Cleaning

Dry Cleaning and Laundry (Receiving Service)

e-cigarette shop / cafe

Electrical Goods (Domestic) Repair

Electrical Goods Hiring - Domestic Appliance

Fashion Boutique

Fish & Chip Shop

Fish and Chip Shop

Fish and Chip shop

Freight Forwarders

Funeral Director

Fur Retailing

Furniture Assembly & Repair

Furniture Assembly and Repair

Garden Centre

Gun Retailing

Gym/Health Club

Household Risk

Ice Cream Parlour

Internet Cafe

Knitwear Retailing

Leather and Travel Goods

Market stall

Massage Parlour

Menswear Retailer

Mobile Phone Retailing

Motor Accessories Retailing

Motor trade risks

Nightclubs / Bars

Novelty/Carnival Goods Retailing

Online retailing only

Orthopaedic Equipment Retailer

Patisserie

Pawnbroking

Personal Trainer

Pet Parlour

Pharmacy

Public House

Recycling risks

Restaurant

Restaurant - Licensed

Restaurant - unlicensed

Sandwich Bar

Schools / education

Second-hand Dealing

Sewing / Knitting Machine Shop

Solariums - more than 1 bed, Tanning salon

Sports Goods Retailing

Street/Market trading , Retailing Mobile / Pop up shop

Takeaway

Takeaway close post 10pm

Takeaway close pre 10pm

Tattoo Parlour

Taxi ranks open 24/7

Tea Room

Television Hiring

Television Repairing

Ticket Agency

Travel Agent

Toy And Game Retailing

Vape shop and/or Lounge

Vending Machine Fillers

Video/DVD Hire