SPELL+MIM De-Peg Bundled Cover

The purpose of this document is to illustrate the terms and conditions of the SPELL+MIM De-Peg Bundled Cover offered by InsurAce protocol. All Cover is provided on a discretionary basis with InsurAce protocol Claim Assessor following the claim process to decide which claims are paid and no further legal action or claim whatsoever shall be made against InsurAce protocol.

Overview

SPELL+MIM De-Peg Bundled Cover consists:

1. Smart Contract Cover for **Abracadabra.money on Ethereum, Arbitrum, Fantom and Avalanche**; and

2. **MIM De-Peg Cover**

The Cover Purchaser is eligible to make the claim if one or more of the included Covers are triggered.

Coverage

InsurAce protocol SPELL+MIM De-Peg Bundled Cover shall pay a claim if the following Claimable Risk Event occurred:

- ❖ During the **Cover Period**, there is a **Material Loss** of Cover Purchaser's crypto assets due to an unauthorized, malicious or criminal act aiming at exploiting the **Designated smart contracts**' code vulnerabilities; and

- ❖ The loss of Cover Purchaser's crypto assets is permanently irreversible with no means of repayment or recovery by any parties in the future. It can be in form of being moved to another address or addresses, which the Cover Purchaser cannot access or control permanently; and

- ❖ The loss is directly linked to the wallet address which the Cover Purchaser used to purchase the Cover or the Cover Purchaser provides evidence to prove the ownership of the impacted wallet address.

Or:

- During the **Cover Period**, there is a loss in value of **MIM** as it moves off-peg, trading below $0.93 based on a 10-day Time Weighted Average Price (TWAP) calculated using market data extracted from Coingecko; and

- The Cover Purchaser is holding **MIM** or any representation of **MIM** supplied directly as liquidity in the wallet or in accounts with any custodians (e.g. centralized exchange, asset management providers, etc.) at the time of purchase of the Cover; and

- The loss is directly linked to the wallet address, which the Cover Purchaser used to purchase the Cover or the Cover Purchaser is able to provide evidence to prove the ownership of the impacted wallet address and accounts with any custodians;

Exclusions

InsurAce protocol SPELL+MIM De-Peg Bundled Cover will not pay for

- Assets lost are NFTs; or

- Any losses due to phishing, private key security breaches, malware, exchange transaction hacks or any other activities where the **Designated smart contract** continues to act as intended or any activities conducted by Cover Purchaser because of personal careless or misunderstanding; or

- Any claims due to individual or group's intentional actions that utilize the **Designated smart contract** or the **MIM** smart contract for the purpose of making claims on this Cover; or

- Any losses due to devaluation of Cover Purchaser's assets, regardless of such devaluation is related to the attack or not; or

- Any losses due to the owners or controllers of the covered protocol confiscating or stealing funds from users in line with the permissions of the covered protocol; or

- Any hacks or Claimable Risk Event occurring outside of the **Cover Period**; or

❖ Any hacks or Claimable Risk Event occurring during the **Cover Period** but the hack occurred or is known, or the hack is due to the bug being disclosed to the public, before the **Cover Period**; or

❖ Any events or losses where any other external interoperable or interactive smart contracts malfunctioned, or are hacked or manipulated in an unintended way, while the **Designated smart contract** or the **MIM** smart contract and the associated blockchain continues to operate as intended; or

❖ Any events or losses where inputs, that are external to the **Designated smart contract** or the **MIM** smart contract, behave or are manipulated in an unintended way, while the **Designated smart contract** or the **MIM** smart contract continues to operate as intended, where inputs include but are not limited to: oracles, governance systems, incentive structures, miner behaviour, and network congestion; or

❖ Any events or losses caused directly or indirectly by any malfunction or programming flaw in the **Designated smart contract** or the **MIM** smart contract caused directly or indirectly by underlying blockchain changes; or

❖ Any events or losses directly or indirectly caused by the Merge; or

❖ If the Cover Purchaser's assets are obtained through illegal means, or used for illegal purposes, or associated with any illegal, prohibited or restricted activity which is not compliant with applicable laws or regulations.

Conditions

- **Claim Request**

Group Claim Procedure: Group Claim Procedure shall apply if more than one (1) Cover Purchaser suffered actual loss from the same Claimable Risk Event.

Claims must be submitted in respect of a Claimable Risk Event that occurred within the Cover Period with a fee payment of 0.5 % of the amount claimed by the Claimant to InsurAce protocol before the expiration of the earlier of:

(a) 21 days after InsurAce protocol's public confirmation of the Claimable Risk Event; or

(b) 15 days after the Cover Period has expired,

failing which there shall be no Claim under the Cover.

Individual Claim Procedure: Individual Claim Procedure shall apply if only one (1) Cover Purchaser suffered actual loss from the Claimable Risk Event.

The Claim must be submitted in respect of a Claimable Risk Event that occurred within the Cover Period with a fee payment of 0.5 % of the amount claimed by the Claimant to InsurAce protocol before the expiration of 15 days after the Cover Period has expired, failing which there shall be no Claim under the Cover.

In any case: Claims shall automatically be deemed invalid and rejected upon submission if the Claims were made on the same loss event which has already been rejected twice by the Advisory Board or Claim Assessors.

Claimants must submit their Proof of loss within seven (7) days from the day of Claim submission, failing which the Claim shall automatically be deemed invalid and rejected.

Proof of loss shall include, but is not limited to:

❖ a transaction of $1 USD worth **MIM** from the Claimant's Covered Address to Cover Purchase Address and back to the Covered Address within 7 days after Claim submission;

❖ a transaction of $1 USD worth **MIM** from the Claimant's impacted custodian accounts to Cover Purchase Address within 7 days after Claim submission;

❖ a snapshot of the impacted Covered Address' balances at block times directly before, during and after any losses have been applied;

❖ evidence to prove the holding amount of **MIM** in the wallet or in accounts with any custodians at the time of Cover purchase, at the time the de-peg event is triggered and 10 days before the de-peg event is triggered;

- ❖ description of the attack which results in the loss from a Professional Security Firm;
- ❖ references to any relevant on-chain transactions showing assets being moved; and/or
- ❖ supporting materials to determine the price of lost assets; and/or
- ❖ other evidence as deemed necessary.

The Claimants are required to provide with truthful pieces of information, otherwise the claim will be rejected.

Read more about our Claim Assessment Process and How to Make a Claim

- **Claim Payout Amount**

- For Smart Contract Cover:

InsurAce protocol will only pay for losses actually incurred where such losses are no more than the **Cover Amount**.

The price of cryptocurrency on the time of transaction in which losses occur based on data extracted from CoinGecko or any other sources regarded reliable and fair shall be used in the calculation of actual loss and payout amount.

Any recovery received by the Claimant as compensation for his/her losses from the covered protocol shall be excluded from the claim payments.

- For MIM De-Peg Cover:

InsurAce protocol will compensate the Claimant for the value (value = **MIM** quantity x $1 USD) of the quantity of **MIM** the Claimant is holding at the time the de-peg event is triggered where:

- ❖ the value is subjected to a maximum of the **Cover Amount**; and
- ❖ the quantity claimable should be no more than the quantity of **MIM** the Claimant held 10 days before the de-peg event is triggered.

Any recovery received by the Claimant as compensation for the losses from the **MIM** token issuer, protocols, exchanges and/or the party otherwise responsible for the Claimant funds during the de-peg will be excluded from claim payments.

Upon claim approval, the Claimant should send the amount of **MIM**, where the value (value = **MIM** quantity x $1 USD) is no more than the approved claim amount to the smart contract address given by InsurAce protocol within 15 days. (Note: The Claimant can apply for extension if he/she needs more time to withdraw **MIM**.)

The InsurAce protocol will send the equivalent amount of **Payout Token** to the Claimant based on a payout ratio of 1 **MIM** = 1 USD.

InsurAce protocol is not responsible for differences in the market value of the **Payout Token** from the time of pay out to the time the Claimant receives the claim payout.

- **<u>Cover Effective Time</u>**

The Cover shall take effect 10 days after the Cover is successfully purchased and confirmed on the blockchain.

- **<u>Cover Termination</u>**

The Cover shall terminate immediately when:

> - The Cover Purchaser no longer holding **MIM** token in the wallet or in accounts with any custodians; or

> - The full **Cover Amount** has been paid in claims; or

> - The **Cover Period** stated in the Cover ends

Definitions

Cover Amount means the amount of the Cover specified by the Cover Purchaser at purchase of the Cover.

Cover Period means the period stated in the Cover during which time the Cover is effective. It will start on or after the date of cover payment.

Covered Address means the covered wallet address specified by the Cover Purchaser at purchase of the Cover.

Designated smart contract means a single smart contract or group of smart contracts of the Covered protocol as specified in the Cover, running on the public blockchain network excluding smart contracts related to Bridge, and any outside inputs to that system such as oracles, miners, and individuals or groups of individuals interacting with the system. In respect of the Ethereum blockchain and the Merge, Designated smart contract excludes any smart contract on forked versions of the Ethereum blockchain, including Proof-of-Work forks.

Material Loss means the loss that far exceeds gas related costs involved in operating the designated smart contract.

Merge means the joining of the execution layer of the Ethereum blockchain with its proof-of-stake consensus layer, the Beacon Chain. It eliminates the need for energy-intensive mining and instead secures the network using staked $ETH.

Payout Token refers to the same token that the Cover Purchaser used to make the premium payment.

MIM refers to the MIM stablecoin issued by the official Abracadabra.money team.

Amendments & Additions

This cover wording takes effect from 11th September, 2022. InsurAce protocol may amend these Terms from time to time without prior notice to

users. Amendments shall take effect from the date the amended terms and conditions are published on the Website. If users continue with the Cover after such amendments, users are deemed to have agreed to the amended terms and to be bound by them. Users shall take the full responsibility to check for the latest version of the terms and conditions prior to purchasing the Cover or continuing with their use of the Cover.

Disclaimers

Please note that while InsurAce protocol aims to adhere to the Solvency II capital requirement as part of its capital model, purchase of any Coverage does not guarantee full cover payout of all losses on the protected assets, in particular, if there are insufficient staked assets in the capital pool.

InsurAce protocol is not licensed or regulated by the Monetary Authority of Singapore or any regulator in any jurisdiction.

This Cover is not a contract of insurance. The Cover offers discretionary protection that is provided to Cover Purchasers. The Advisory Board and the Claims Assessors have full and final discretion on whether or not a claim is approved for a successful payout.