

Custodian Risk Cover

The purpose of this document is to illustrate the terms and conditions of the Custodian Risk 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.

Coverage

InsurAce protocol Custodian Risk Cover shall pay a claim if the following Claimable Risk Event occurred:

1. The loss of assets occurred during the Cover Period; and
2. The Cover Purchaser is a **User** of the **Designated Custodian**; and
3. The **Designated Custodian**:
 - 3.1 loses funds due to any criminal or fraudulent takings or appropriation of assets by any person during the **Cover Period** and the **Designated Custodian** announces that all the **User** of the **Designated Custodian** have to take a loss on their current holdings of 10% or more of face-value; or
 - 3.2 completely suspends all withdrawals for a continuous period of 90 days or more without any advanced notice where withdrawals were first halted during the **Cover Period**.

Exclusions

InsurAce protocol does not provide Cover if

1. Assets lost are NFTs; or
2. The Cover Purchaser is the **Designated Custodian**, a representative of the **Designated Custodian** or an entity or individual that is related to the **Designated Custodian**.

3. 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.
 4. The losses were directly or indirectly caused by the Merge and/or changes to the underlying blockchain.
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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:

- ❖ the snapshot of the balance held in the **Designated Custodian** before and after any losses have been applied; and/or
- ❖ description of the attack which results in the loss from the **Designated Custodian** or security specialist; and/or
- ❖ supporting materials to determine the price of lost assets; and/or
- ❖ other evidence as deemed necessary;

The Claimants are required to provide us 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**

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 **Designated Custodian** shall be excluded from the claim payments.

- **Cover Effective Time**

The Cover will take effect in 10 minutes after the timestamp of the block where the Cover is confirmed in Blockchain, and the Cover's expire time will also be revised accordingly, this is to eliminate the time difference between the Blockchain and the Custodian.

- **Cover Termination**

The Cover shall terminate immediately when:

- ❖ 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.

Designated Custodian means the business or entity that responsible for the safekeeping of the cryptocurrency assets on behalf of their users, as specified in the Cover.

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.

Amendments & Additions

This cover wording takes effect from 11th September, 2022. InsurAce protocol may amend the terms herein from time to time without prior notice to you. Amendments shall take effect from the date the amended terms and conditions are published on the Website. If you continue with the Cover after such amendments, you are deemed to have agreed to the amended terms and to be bound by them. It is your responsibility to check for the latest version of the terms and conditions prior to purchasing the Cover or continuing with your 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.