

## Ethereum Slashing Cover Wording

### 1. GENERAL

- 1.1. By purchasing the Cover, you unequivocally accept and agree to be bound by the terms and conditions herein (“**Terms**”).
- 1.2. To be eligible to make a Claim pursuant to the Cover, the Cover must have taken effect as follows:
  - a. the Cover Purchaser has provided the following specifications to the Protocol for Cover purchase:
    - i. Cover Amount per Covered Validator;
    - ii. Number of Covered Validator(s);
    - iii. Covered Validator List;
    - iv. User ID;
    - v. Staking Platform; and
    - vi. Cover Period.
  - b. the Covered Validator List together with the User ID is emailed to the Protocol at [operations@insurace.io](mailto:operations@insurace.io) before any Claimable Risk Event has occurred.
  - c. the Cover Purchaser completes payment of the Contribution, which payment shall only be deemed complete at the timestamp of full payment of the Contribution to the Protocol recorded on the relevant blockchain with at least ten (10) confirmations on the block height containing such payment transaction.

### 2. COVERAGE

- 2.1. Subject always to the Terms set out herein:
  - a. The Cover Purchaser shall only be compensated by the Protocol for the loss of \$ETH staked in the Covered Validator(s) (“**Claimable Loss Amount**”) due to a “**Claimable Risk Event**”, which is when the Covered Validator(s) staked through the Staking Platform has or have been slashed during the Cover Period for committing a Slashable Offence thereby incurring:
    - i. Immediate Slashing Penalty;
    - ii. Correlation Penalty; and
    - iii. Minor Attestation Penalties incurred during the validator’s 36 days removal period, with the calculations of such penalties subject to the exclusions herein and based on <https://beaconcha.in/> data or any other accepted data.
  - b. Any Covered Validator List emailed to the Protocol:
    - i. during or after the occurrence of a Claimable Risk Event; and/or
    - ii. without the User ID stated in the same email,

shall be invalid.

- c. Any compensation is limited to the lower of your Claimable Loss Amount or Cover Amount (each as defined herein, and collectively, the “**Cover Payout**”) and shall only be made in the event of a successful Claim.
- d. Any compensation which any other third-party elects to pay the Cover Purchaser in relation to such loss, or any digital asset subsequently recovered and returned to the Cover Purchaser shall be deducted from any Cover Payout or used by the Cover Purchaser to reimburse the Protocol up to the value of any Cover Payout made.
- e. The Claimable Loss Amount shall be valued in \$ETH.

## 2.2. Claim Based on Cover Purchase Address

Any Claim by you is subject to your retention of control over the Cover Purchase Address (including your private key to the Cover Purchase Address). In the event that such control is lost, the Protocol has no obligation to make any Cover Payout to you, whether by sending such Cover Payout to another designated blockchain address or otherwise, and you shall have no claim against the Protocol in relation to such Claim.

## 3. **CLAIMS PROCEDURE**

### 3.1. Claims Procedure

- a. Claims can only be filed in respect of a Claimable Risk Event that occurred within the Cover Period. Claims must be filed before the expiration of fifteen (15) days after the Cover Period has expired, failing which there shall be no Claim under the Cover.
- b. The Claim shall automatically be deemed invalid and rejected upon filing if the Claims were duplicated or made on the same Claimable Risk Event which has already been rejected twice by the Advisory Board or Claim Assessors.
- c. The Claimant shall file evidence of Proof of Loss within seven (7) days from the date of Claim filing, failing which the Claim shall automatically be deemed invalid and rejected.
- d. The Advisory Board shall make a claim investigation report containing the Advisory Board’s investigation findings, draw a conclusion, and make a payout proposal for valid Claims only (“**Proposal**”).
- e. The Proposal shall be subjected to voting by the Claim Assessors for 48 hours. If at least 15% of the total \$INSUR tokens staked by the Claim Assessors is involved in the vote, these votes shall be deemed to be valid (“**Valid Votes**”). Otherwise, the vote is deemed invalid, in which case the Advisory Board shall determine the Claim.
- f. In the event that more than 50% of the Valid Votes reached consensus (“**Majority Vote**”) on the Proposal, the Protocol shall proceed as per the Majority Vote, otherwise the Advisory Board shall determine the Claim.
- g. In the event the Claim is determined by the Claim Assessors, the Claimant shall have 72 hours to file an Appeal (“**Appeal**”) (if any) against the decision of the Claim Assessors and pay the Protocol a fee, failing which there shall be no Appeal. The Advisory Board shall have sole and absolute discretion to make a final and conclusive determination on the Appeal.



- b. any assets that are not verifiable on-chain;
- c. any validator(s) that is or are not disclosed by the Cover Purchaser in the Covered Validator List to the Protocol prior to the occurrence of any Claimable Risk Event;
- d. where the Claimable Risk Event, or suspicion, potential or possibility of a Claimable Risk Event occurring becomes publicly disclosed prior to the Cover's commencement (whether or not the Claimant is made aware of such public disclosure);
- e. penalties applied within the Cover Period due to any Slashable Offence committed prior to the Cover's commencement;
- f. missed rewards or revenue due to validator inactivity or applied penalties, including but not limited to staking rewards, fees, and MEV returns;
- g. any malfunction or programming flaw in the Covered Validator(s) caused directly or indirectly by a bug or error in the consensus client and/or execution client software;
- h. where the Cover was purchased outside the Designated Geographical Areas;
- i. any fees, gas, utility, hardware, and any other related costs involved in operating or running the Covered Validator(s); and/or
- j. any costs or expenses which you are liable for to third-parties in connection with any Claim or your use of the Platform.

## 6. TERMINATION

6.1. Save for the Cover Purchaser's obligation to reimburse the Protocol up to the value of any Cover Payout made to the Cover Purchaser for any other compensation or loss recovery made to the Cover Purchaser in respect of the Claimable Risk Event, the Cover shall automatically terminate when:

- a. the cumulative Cover Payout(s) (if any) that have been made to you adds up to, but shall not exceed, the Cover Amount;
- b. the Cover has matured; or
- c. the Cover is cancelled,

whichever occurs earlier.

6.2. In the event the Cover is cancelled:

- a. the Unused Contribution will be refunded in \$INSUR tokens with deduction of any cover rewards given to you and the referrer if a referral code was used at the time of purchasing the Cover; and
- b. in the event the Cover is cancelled by the Cover Purchaser, a percentage of the Unused Contribution shall be charged as a cancellation fee for cover cancellation.

## 7. INDEMNIFICATION

You will indemnify and at all times keep the Protocol and/or the Protocol's Affiliates indemnified against any and all losses, damages, actions, proceedings, costs, expenses, claims, demands, liabilities (including full legal costs) which may be suffered or incurred by the Protocol or asserted against the Protocol by any person, party or entity whatsoever, in respect of (a) any matter or event whatsoever arising out of or in connection with your breach of any provision in the Terms; (b) your use of the Cover;

(c) the Protocol's reliance on information, data or records provided by you; (d) your violation of any applicable law or the rights of any third party; and/or (e) the occurrence of any event due to your act, omission or default which compromises the security or integrity of the Platform.

## **8. MISREPRESENTATION / FRAUD**

Notwithstanding anything in the Terms to the contrary, the Protocol may void the Terms and refuse all claims made in any of the following cases:

- a. if any Claim made shall be fraudulent or exaggerated; or
- b. if any false declaration or statement shall be made in support of any Claim.

## **9. REGULATORY IMPOSED TAX, CHARGES, FEES, ETC.**

The Contribution to be paid by the Cover Purchaser to the Protocol under the Cover is exclusive of any tax. In the event the Protocol is required by any applicable law to remit any tax on the Contribution paid by the Cover Purchaser, the Protocol shall calculate and collect from the Cover Purchaser any amount paid or payable under the Cover on account of such tax. Such amount is calculated by the Protocol, shall be paid by the Cover Purchaser as additional to and without any deduction or set-off from the Contribution payable under the Cover to the Protocol.

## **10. FORCE MAJEURE**

In the event either party is unable to perform its obligations under the Terms because of acts of God, breakdown of critical blockchain infrastructure, equipment, transaction or transmission failure or damage reasonably beyond its control, or other causes reasonably beyond its control, such party shall not be liable for damages to the other for any damages resulting from such failure to perform or otherwise from such causes.

## **11. USER ACKNOWLEDGEMENTS**

11.1. You represent and warrant to the Protocol that:

- a. you have the legal authority to deal with any tokens that may be used in connection with the Cover and that such tokens are not subject to any interests, claims or liens of whatsoever nature;
- b. the provision of the Cover, any part thereof or any copy thereof, or acceptance of the same by you, is not prohibited or restricted by the applicable laws, regulations or rules in your jurisdiction, and where any restrictions in relation to possession are applicable, you have observed and complied with all such restrictions at your own expense and without liability to the Protocol;
- c. you will comply with all applicable laws and regulations with respect to your activities in connection with the Protocol, and will not use the Cover to engage in fraudulent, illegal or suspicious activities and/or transactions, including fraud, money laundering and financing terrorism.

11.2. You will provide all support, information and assistance necessary for the Protocol or the Protocol's authorised representatives to conduct investigations, audits or inspections for the purpose of ensuring proper compliance with the Terms or the Protocol's legal or regulatory obligations, without any cost to the Protocol.

- 11.3. You acknowledge and agree that while the Protocol aims to maintain sufficient capital to meet its obligations, 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.
- 11.4. You acknowledge and agree that the Protocol is not licensed or regulated by any regulator in any jurisdiction.
- 11.5. You acknowledge and agree that that 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 discretion on whether or not a claim is approved for a successful payout.

## **12. OTHER PROVISIONS**

- 12.1. You hereby represent that all information you provide to the Protocol in connection with the Cover is complete and accurate. If the Protocol determines that such information is not forthcoming or ought to have been disclosed to the Protocol, the Protocol reserves absolute discretion to restrict or remove any benefits under the Cover and the Protocol may cancel or void the Cover, for which you shall have no claim against the Protocol and its Affiliates in connection thereto.
- 12.2. In the Terms, “you” and “your” refers to you if you are a Cover Purchaser and/or Claimant (where applicable). “Will”, “must”, and “shall” indicates a mandatory requirement.
- 12.3. If you are covered by any other third-party insurance for the same subject matter for which you are seeking a Claim, you shall first seek to fully claim under such third-party insurance. The Protocol reserves the right to disburse only such portion of the Cover Payout to the extent not claimable from such third-party insurance (in whole or in part) to you, provided the Protocol is satisfied that you have exhausted all avenues of claim against such third-party insurance.
- 12.4. In the event of a malfunction of the Platform’s programmed algorithm which result in an unusual or disproportionate amount to be paid to you or payable by you (as the case may be), the Protocol reserves all rights in its discretion to cancel such Cover and provide a refund to you (if an additional amount is payable by you for such modification) for which you shall have no claim against the Protocol or, as the case may be, require that you promptly return such amount which have been erroneously transferred to you.
- 12.5. Any illegality, invalidity or unenforceability of any clause in the Terms shall not affect the legality, validity or enforceability of any other provisions herein.
- 12.6. If any party hereto delays or fails to exercise any rights/remedies under the Terms, it will not be deemed as a waiver. Any single/partial exercise of any right/remedy shall not prevent the Protocol from any other or further exercise of any other right/remedy. The rights and remedies provided in the Terms are cumulative and not exclusive of any other rights/remedies.
- 12.7. The Terms shall continue to be valid and binding for all purposes whatsoever despite any change by amalgamation, change of name, reconstruction or otherwise which may be made in the Protocol’s constitution.
- 12.8. The Terms stated herein constitute the entire terms and conditions of the Cover and supersede any and all prior or contemporaneous written or oral agreements or representations.
- 12.9. Any reference to a “day”, “week”, “month” or “year” is to that day, week, month or year in accordance with the Gregorian calendar.
- 12.10. Except as expressly stated under the Terms of Use, you undertake not to initiate or participate, and waive the right to participate in, any lawsuit, arbitration, class action lawsuit or class wide arbitration against the Protocol and/or the Protocol’s Affiliates.

12.11. The Protocol reserves the right to:

- a. assign the Protocol's rights and duties hereunder to any third party at any time without consent or notice to you. You shall not assign the Terms or any rights or obligations herein without the Protocol's prior written consent.
- b. alter the Terms herein from time to time, without prior notice to you, and in such a way as the Protocol deems appropriate. Notwithstanding anything in the Terms to the contrary, the Protocol will use commercially reasonable efforts to communicate any material alterations of the Terms through the Protocol's social media accounts and/or channels as set out on the Platform. If you continue with the Cover after such alterations, you are deemed to have agreed to be bound by the altered terms.
- c. cancel the Cover if the minimum required capital to fund Cover Purchasers' benefits is insufficient.
- d. at any time and for any reason, with or without prior notice, suspend or terminate your Cover without liability to you, if (a) you fail to comply with the Terms herein; (b) you have used or are using the Cover and the Platform for any illegal or impermissible purpose or activity including any activity which may expose or potentially expose the Protocol to civil or criminal liability; (c) the Protocol deems fit to do so for security reasons or to protect the Protocol's interests or the interests of other users of the Protocol; or (d) the Protocol is required to do so in compliance with any applicable law or regulation, or the Protocol is ordered to do so by any enforcement, regulatory or other governmental authority.
- e. at any time, notwithstanding anything in the Terms to the contrary, temporarily or permanently, in whole or in part, without prior notification and without incurring any liability to you, subject to voting by Governance Members, suspend, discontinue, or cancel the Cover. You are deemed to agree to such terms if you continue with the use of the Cover.

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## DEFINITIONS

**"\$ETH"** refers to the native digital currency of the Ethereum blockchain.

**"Advisory Board"** consists of external experts from various fields and includes partial representation from the Protocol's team. In time however, the composition of the Advisory Board shall be determined by Governance Members through community voting.

**"Affiliates"** of an entity means (i) companies in which such entity has an interest in; (ii) companies which such entity is controlled by; or (iii) companies which such entity shares common control with, where "control" includes direct, indirect, or effective control; or (iv) the owners, directors, officers, employees, advisors, agents of such entity and companies.

**"Appeal"** has the meaning ascribed to it in Clause 3.1(g).

**"Claim"** means a formal request for coverage or compensation for a Claimable Risk Event.

**"Claim Assessors"** consist of \$INSUR token holders who have staked their \$INSUR tokens to become Claim Assessors and/or staked their \$INSUR tokens in the Protocol's governance mining pool. Claim Assessors are entitled to vote on each Claim and earn \$INSUR tokens as rewards if their votes match with the voting result. During each voting session, the more tokens the Claim Assessor stakes, the more voting tickets they will get (\* voting weight will be capped at 5% of the total votes), and the more rewards they will receive.

**"Claimable Loss Amount"** has the meaning ascribed to it in Clause 2.1(a).

**“Claimable Risk Event”** has the meaning ascribed to it in Clause 2.1(a).

**“Claimant”** means a Cover Purchaser seeking to make a Claim.

**“Contribution”** means the price of the Cover.

**“Correlation Penalty”** means the additional penalty that may be applied midway during the Covered Validator(s) removal period.

**“Cover”** in relation to the Covered Validator(s), means coverage (to the extent of Cover Amount) provided by the Protocol in the event of a Claimable Risk Event based on and subject to the Terms herein;

**“Cover Amount”** means the maximum amount which a Cover Purchaser may claim against the Protocol per Covered Validator in relation to a Claimable Risk Event.

**“Cover Payout”** has the meaning ascribed to it in Clause 2.1(c).

**“Cover Period”** in relation to a Cover, means the period between completed payment of Contribution and Cover expiry (for illustration, if payment of Contribution is finalized on 1 June 2021 at 00:00 hours on Coordinated Universal Time (UTC) and the Cover Period is set to expire in 10 days, the Cover Period shall expire on 10 June 2021 at 23:59 hours (UTC)).

**“Cover Purchase Address”** means the wallet address used by the Cover Purchaser to purchase the Cover.

**“Cover Purchaser”** means the individual/entity who purchased the Cover.

**“Covered Validator”** means the Cover Purchaser’s Ethereum proof-of-stake validator staked through the Staking Platform and covered by this Cover as listed in the Covered Validator List, and which is tied to the Cover Purchaser’s User ID on the Staking Platform.

**“Covered Validator List”** means the valid list of Covered Validator(s) in a CSV file emailed to the Protocol before any Claimable Risk Event has occurred.

**“Designated Geographical Areas”** refers to the countries, states, territories, or jurisdictions where the Platform, protocols and services can be accessed from, excluding those countries, states, territories or jurisdictions where the use of the Platform, protocols and services is considered illegal, prohibited or restricted, and any other country, state, territory or jurisdiction which the Protocol in their absolute discretion elects. Excluded countries, states, territories or jurisdictions are set out in the Terms of Use and disclaimers on the Platform which shall be updated from time to time.

**“Ethereum”** refers to the Ethereum blockchain.

**“Governance Members”** means \$INSUR stakers.

**“Immediate Slashing Penalty”** means the amount of staked \$ETH that is immediately burned when a Covered Validator’s Slashable Offence is detected.

**“Majority Vote”** has the meaning ascribed to it in Clause 3.1(f).

**“MEV”** means maximal extractable value which is the maximum value that can be extracted from block production in excess of the standard block reward and gas fees by including, excluding, and changing the order of transactions in a block.

**“Minor Attestation Penalties”** means the penalties at the beginning of every epoch for missing the target and source votes over the Covered Validator’s 36 days removal period.



**“Platform”** means the Website, Protocol App/API and any other extensions or integrations operated by the Protocol.

**“Proof of Loss”** has the meaning ascribed to it in Clause 4.2.

**“Proposal”** has the meaning ascribed to it in Clause 3.1(d).

**“Protocol”** means the InsurAce protocol.

**“Slashable Offence”** means:

1. Proposing and signing two different blocks for the same slot.
2. Attesting to a block that "surrounds" another block (effectively changing history).
3. "Double voting" by attesting to two candidates for the same block.

**“Staking Platform”** means the entity or platform running, operating, servicing, controlling, and/or monitoring the Covered Validator(s) as specified at cover purchase.

**“Terms”** has the meaning ascribed to it in Clause 1.1.

**“Terms of Use”** means the Website’s terms of use.

**“Unclaimed Contribution”** the portion of the Contribution based on the unclaimed portion of the Cover Amount (e.g. 1/3 of the Cover Amount remains unclaimed so 1/3 of Contribution is considered Unclaimed Contribution).

**“Unused Contribution”** means the unamortized portion of the Unclaimed Contribution, based on the remainder of the Cover Period versus the Cover Period, less gas cost (e.g. there is 1/3 of the Cover Period remaining so 1/3 of the Unclaimed Contribution less gas cost is considered Unused Contribution).

**“User ID”** means the Cover Purchaser’s unique account identifier on the Staking Platform.

**“Valid Votes”** has the meaning ascribed to it in Clause 3.1(e).

**“Website”** means <https://www.insurace.io/>.

**“Withdrawal Address”** has the meaning ascribed to it in Clause 3.1(i).