

## \$USDT De-Peg Cover Summary Sheet

With effect from 21<sup>st</sup> October 2022

This summary sheet briefly outlines some key terms of the full \$USDT De-Peg Cover Terms and Conditions (“**Terms**”) set out [here](#). Please be aware that Cover Purchasers are deemed to have accepted the full Terms when purchasing this Cover.

### Who are the parties to the Cover?

The InsurAce protocol (“**Protocol**”) & the Cover Purchaser.

### What is the duration of my Cover?

The Cover Period runs from when the Cover commences (around 10 days after Cover purchase to hedge against Cover arbitrage) and for the duration specified during Cover purchase.

### What am I covered for?

The Cover only applies to the Cover Purchaser’s \$USDT as represented by the \$USDT Balance (incl. LP Tokens) held in the Cover Purchaser’s non-custodial Covered Address when \$USDT trades below US\$0.92 during the Cover Period based on a five (5)-day TWAP of \$USDT’s Daily Average Market Price (“**Claimable Risk Event**”).

Based on \$USDT’s Daily Average Market Price, the Protocol may compensate Cover Purchasers for “**Claimable Loss**”, which is 70% of the loss realized by the Cover Purchaser in selling any of the said \$USDT below the US\$1.00 per \$USDT peg between the Claimable Risk Event and the Claim Deadline and excluding any losses that resulted from \$USDT’s devaluation below US\$0.50 per \$USDT. This is to encourage joint loss minimization behaviour. The compensation will also exclude any \$USDT transaction costs.

Any compensation made will be the lower of:

- the Claimable Loss;
- the cover amount specified during Cover purchase; or
- the \$USDT Balance (valued at 1 \$USDT = US\$ 1.00) held in the non-custodial Covered Address 10 days before the Claimable Risk Event occurred.

The Cover will automatically terminate after a successful claim. Any other compensation or loss recovery received by the Cover Purchaser will be deducted from the final cover payout amount or be used by the Cover Purchaser to reimburse the Protocol up to the value of any cover payout made. All definitions and all types/variations of \$USDT covered are set out in the Terms.

### What other terms and conditions of the Cover are there?

Eligibility to make a claim, scope of coverage, claims and evidence submission and procedure, cover exclusions, termination conditions, and cancellation terms are set out in clauses 1.4, 2, 3, 4, 5 and 6 of the Terms. Some key deadlines to be aware of:

- Claims and a 0.5% fee on the claim amount must be submitted before the earlier of: the expiration of 21 days after the Protocol publicly confirms the Claimable Risk Event through its social media accounts and/or channels as set out on the Protocol’s platform; or the expiration of 15 days after the Cover Period has expired (“**Claim Deadline**”).
- Evidence of Proof of Loss and Ownership must be submitted within seven (7) days after claims submission.

Please note that stablecoins with fiat reserves such as \$USDT are different from algorithmic and crypto-collateralized stablecoins and therefore subject to different terms and conditions.

### How will the Protocol keep me informed of the latest Terms?

The Protocol will use commercially reasonable efforts to communicate any material changes to the Terms through its social media accounts and/or channels as set out on the Protocol’s platform.

### Disclaimers

- Please note that while the Protocol aims to maintain sufficient capital to meet its obligations, purchase of any coverage does not guarantee full payout of all losses on the protected assets, in particular, if there are insufficient staked assets in the capital pool.
- The Protocol is not licensed or regulated by 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.