

Custody Cover

Plain English Overview

A claim is valid if:

- a) the custodian gets hacked and you lose more than 10% of your funds; OR
- b) withdrawals from the custodian are halted for more than 90 days.

This overview is provided for ease of interpretation only, the terms and conditions of Nexus Mutual's Custody Cover are set out below. This cover wording should be used as a reference document by Nexus Mutual's Claims Assessors when considering any claim.

All Cover is provided on a discretionary basis with Nexus Mutual members having the final say on which claims are paid.

Where the Covered Member is a **User** of the **Designated Custodian**, the mutual may pay a claim;

1. if the **Designated Custodian**;
 - 1.1. is the victim of a **Crime** that occurred or was first discovered during the **Cover Period** and the **Designated Custodian** announces that all **Users** of the **Designated Custodian** have to take a loss on their current holdings of 10% or more of face-value;
 - or
 - 1.2. completely prevents all their **Users** withdrawing funds **without prior notice** and withdrawals are prevented for a continuous period of 90 days or more where withdrawals were first halted during the **Cover Period**;
- and
2. if the Covered Member grants any **reimbursement** received from the **Designated Custodian** to the Mutual.

Recoveries

3. If the **Designated Custodian** provides any **reimbursement** to its **Users** then the Mutual is entitled to seek recovery of any **reimbursement** received from any Covered Member who has been paid a claim up to the value of the claim amount paid.

Exclusions

4. The Mutual does not provide Cover if the Covered Member is the **Designated Custodian**, a representative of the **Designated Custodian** or an entity or individual that is related to the **Designated Custodian**,

Definitions

Cover Amount means the amount of Cover specified by the Covered Member at purchase of Custody Cover.

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

Crime means the criminal, fraudulent or dishonest taking or appropriation of cryptocurrency assets to the deprivation of the **Designated Custodian** by any person that occurred or was first discovered during the **Cover Period**.

Designated Custodian means the business or entity responsible for the safekeeping of the private keys to cryptocurrency assets on behalf of their **Users**. Cover is provided against a specific **Designated Custodian** that is selected by the Covered Member when cover is purchased.

User means a customer of the **Designated Custodian's** services who relies on the safekeeping of private keys to cryptocurrency assets.

Without Prior Notice means **Users** of the **Designated Custodian** are not given any advance warning that withdrawals are going to be halted that would allow them to withdraw funds before withdrawals are halted.

Reimbursement means either an in-house cryptocurrency asset, a tokenised scheme, or any other monetary means that the Designated Custodian gives users in lieu of the lost cryptocurrency.

Cover Termination

Cover ends when:

- there has been a successful claim on the Cover that results in the entire **Cover Amount** being paid; or

- the **Cover Period** specified at purchase has ended.

Claim Amount Guidance

The following guidelines shall be used by Members when deciding on claim amounts:

- Claim payments should compensate the covered member against losses actually incurred and members should submit evidence of those losses. Evidence could include;
 - screenshots of cryptocurrency balances held in the **Designated Custodian** before and after any losses have been applied (if relevant); and/or
 - references to any relevant on chain transactions showing funds being moved; or
 - other evidence as deemed appropriate;and
- where the mutual is paying a claim;
 - under condition 1.1; the claim payment should compensate for the loss applied to the funds actually held in the custodian; or
 - under condition 1.2; the claim payment should compensate for the full value of funds actually held in the custodian;and
- Where losses actually incurred are less than the **Cover Amount** a partial claim payment should be made if possible, otherwise a full claim payment of the entire **Cover Amount** should be made.