

Slashing Insurance

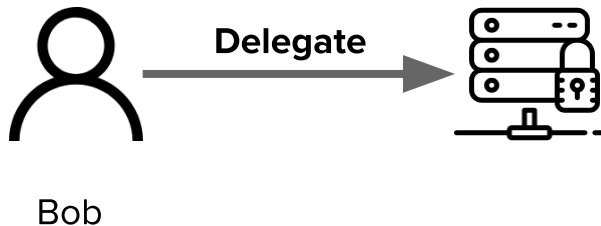
Marouane Hajji - Unslashed



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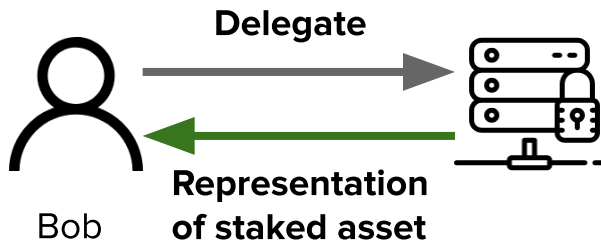
1- Liquid Staking

BEFORE



- ❌ Locked capital
- ❌ Unbonding period
- ❌ Asset Volatility

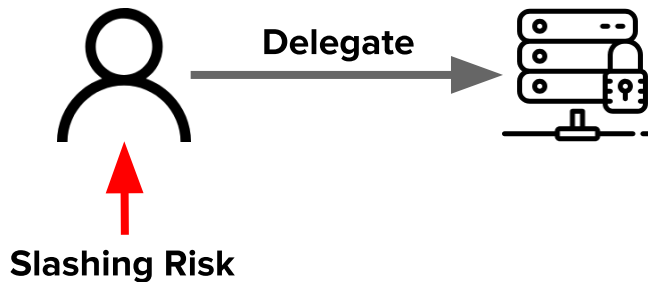
AFTER



- ✅ Available capital
- ✅ Ability to long/short
- ✅ Composability

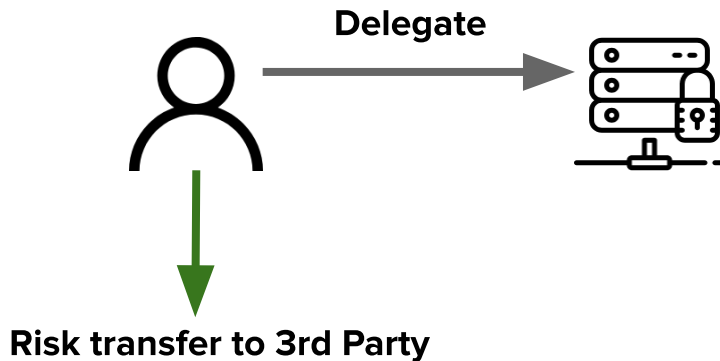
2- Risk derivatives

BEFORE



- ✗ Trust relationship w/ validator
- ✗ Centralization of delegations

AFTER

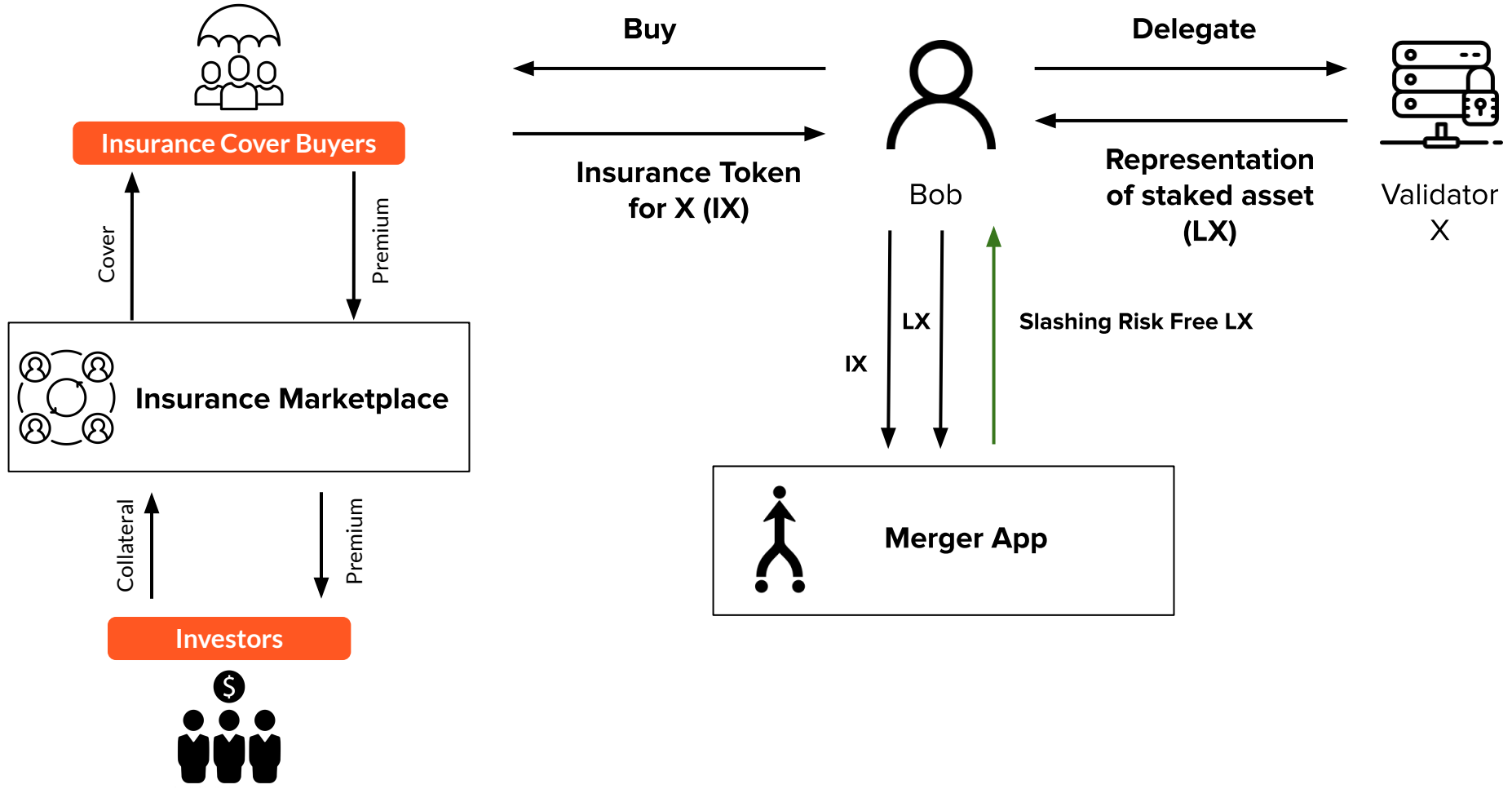


- ✓ Less trust
- ✓ Diversification of delegations



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Building a slashing-risk-free delegation



Opportunities and risks

Opportunities:

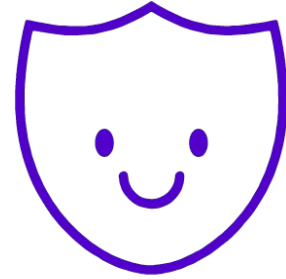
- Helps fight against the potentially centralizing effect of Liquid Staking; each Liquid Token is linked to a validator, each validator will have a separate trading pair => the validators with the most liquid pairs will end up with the most demand => demand for liquid assets will lead to more centralized delegations and more centralized voting power.
- Allows validators to differentiate: different premium prices for different validators allow them to differentiate using something else than pure commission fees, which also can have a positive impact on the whole network (stopping the commission fee dump) => validating is not a commodity anymore

Risks:

- Using the insurance as a tool to make money out of a security exploit (attacking a validator)
- A validator could “exit-scam” his delegators by buying a lot of covers/insurance then intentionally double-sign

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Q&A session!

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