

ETH Staking Cover

Core Wording

1. The Mutual *may* pay a claim under this ETH Staking Cover if during the **cover period** one or more of the **covered validators** incur **penalties** greater than the **deductible** in any continuous 40 day period.
2. Claim payments will reimburse 100% of **penalties** in excess of the **deductible**, subject to a maximum claim payment of the **cover amount**.
3. The Covered Member must submit a claim at least 72 hours after all penalties are applied (“cool down period”); and during the cover period or within 35 days of the cover period ending.
4. This cover wording and any associated addendums and schedules constitute the entire cover terms and no member or the mutual as a whole shall be liable or bound to any other member in any manner by any warranties, representations or covenants outside this cover wording.

Future Reimbursements

5. If the Covered Member is successfully paid a claim under this ETH Staking Cover then the Covered Member agrees to;
 - a. assign all future rights over any future recoveries or reimbursements to Nexus Mutual DAO, and
 - b. Forward any recoveries or reimbursements received to Nexus Mutual DAO upon receipt.

Transferability

6. This cover ceases to be valid if it is transferred to another person.
7. If this cover is transferred to a different address owned by the same Covered Member, sufficient cryptographic evidence must be provided that proves both the purchasing address and the transferred address are owned by the same Covered Member.

Definitions

Penalties means;

- all deductions made from the **covered validators** on the **ETH Proof-of-Stake Chain**,
- less any **excluded penalties** (*see note on penalties calculation*),
- less any rebates or reimbursements made or promised by the validator operator.

subject to a maximum of the **validator coverage limit** per validator.

Excluded penalties means;

- any penalties applied to **covered validators** during a period where there is a widespread network issue which results in penalties being applied to more than 10% of total active validators on the entire **ETH Proof-of-Stake Chain**, and
- any penalties applied to **covered validators** as a result of a software bug or error in the **client software**, and
- any penalties applied to **covered validators** during the **cover period** as a result of offenses incurred prior to the start of the **cover period**, and
- any form of missed rewards including, but not limited to, consensus rewards, execution rewards, transaction rewards and any onchain or offchain revenue in connection with the prioritisation or reordering of transactions, generally called Maximal Extractable Value or MEV.

Deductible means the value in ETH specified in the schedule.

Client Software means an implementation of Ethereum that verifies data against the protocol rules and keeps the network secure including both the consensus client and the execution client software.

Covered validators means the list of ETH proof-of-stake validators included in the on-chain data provided by the covered member when the cover was purchased.

Cover Amount means the maximum claim amount payable under the cover and is chosen by the covered member when cover is purchased. The **Cover Amount** is denominated in ETH and must be equal to the number of **covered validators** multiplied by the **cover amount per validator**. See *note 3 for dealing with any inconsistencies*

Cover Amount per Validator means the value in ETH specified in the schedule.

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

ETH Proof-of-Stake Chain means the chain that launched on December 1st 2020 around noon UTC, initially called the Beacon Chain, that introduced proof-of-stake to the Ethereum network and is now used to validate Ethereum main-net consensus after the Merge.



Notes:

Note 1 - Calculating Penalties

The **ETH Proof-of-Stake Chain** only records the net amount of rewards less penalties in any particular epoch. To calculate **penalties** Nexus Mutual will use Rated's (<https://rated.network>) calculation or if deprecated any other generally accepted calculation.

Note 2 - Multiple Events impacting Different Validators

The 40 day time period can be applied at either the individual validator level or across multiple validators. Where there are different time periods covering different validators, cover holders are encouraged to submit one claim covering all losses and provide detail of the penalties calculation used.

Note 3 - Inconsistency between Covered Validator List and Cover Amount per Validator

If the chosen **cover amount** divided by the number of validators included in the **covered validators** list is less than the **cover amount per validator**, then validators from the bottom of the list, up until the point where the remaining validators multiplied by the **cover amount per validator** corresponds to the **cover amount**, shall be deemed excluded from the **covered validators** list.