

Sherlock Excess Cover

Cover Wording

The Mutual *may* pay a claim under this Sherlock Excess Cover if during the **cover period** claims payments on the **underlying risks** exceed the **deductible** in any 90 day period.

Claim payments will reimburse 25% of **underlying claim payments** in excess of the **deductible** subject to a maximum claim payment of the **cover amount**. *See note on underlying risks.*

The Covered Member must submit a claim at least 72 hours after any claim event (“cool down period”); and during the cover period or within 35 days of the cover period ending.

This cover wording and any associated addendums 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.

Definitions

Underlying risks means;

- any protocols currently covered by Sherlock as referenced in Appendix A, and
- any new protocols Sherlock adds to their coverage provided the price per risk is 2.5% or less, and
- any new protocols Sherlock adds to their coverage if the price per risk is more than 2.5% if specifically agreed to by a Nexus Mutual Advisory Board member.

Underlying claim payments means the total of the claim payments approved and paid by the Sherlock protocol according to the Sherlock terms and conditions and claims approval process.

Deductible means 500,000 USD.

Cover Amount means the maximum claim amount payable under the cover and must be equal to 25% of the total cover amount of the **underlying risks**. *See note on underlying risks.*

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.

Notes:**Note 1 - Underlying Risks and Cover Amount Inconsistency**

If there is an inconsistency between the **cover amount** purchased and 25% of the total coverage amount of the underlying risks, then claim payments will be reduced proportionally to be equal to; cover amount purchased / total cover amount of the underlying risks multiplied by underlying claim payments.

Appendix A: List of Initially Covered Protocols

| Protocol | Underlying Cover Amount Sherlock offers to end-clients | Nexus Mutual Cover Amount (25% of Underlying Cover Amount) | Sherlock Net Exposure (for reference) |
|-----------------|---|---|--|
| Euler | \$10,000,000 | \$2,500,000 | \$7,500,000 |
| Hook | \$250,000 | \$50,000 | \$200,000 |
| Lyra | \$10,000,000 | \$2,500,000 | \$7,500,000 |
| Liquify | \$2,750,000 | \$687,500 | \$2,062,500 |
| Opyn | \$10,000,000 | \$2,500,000 | \$7,500,000 |