

6022 Protocol's Tokenomics

1. Introduction

The 6022 protocol is a platform linking insurers and policyholders. It is designed to foster positive behavior among both groups. At its core, the protocol features collateral vaults, which are funded by the policyholders.

The protocol aims to create

- a selection effect: the use of the protocol is beneficial only for policyholders and insurers who are keen to establish and maintain a relationship of trust, as it sanctions mistrust between the parties.
- a reinforcing effect: policyholders are increasingly encouraged to behave honestly to avoid losing the rewards they have accumulated over time.
- a market effect: the selection and reinforcing effect enables better offers for policyholders and thus a competition advantage for insurers.
- a transparency effect: the protocol offers the market with a history of trust in policyholders and insurers.

The 6022 protocol provides the infrastructure for this incentive mechanism. The purpose of the 6022 protocol is not to replace the existing insurance contract, but to add an additional layer of trust.

2. Token 6022

The 6022 Token (T6022) is the native token for the 6022 protocol. It is a utility token that allows insurers and policyholders to access the 6022 protocol. It enables the business case.

2.1 Utilities of T6022

T6022 has the following utilities:

- Access: To use the protocol, insurers must provide T6022 tokens.
- Benefits: Users whose collateral has not been confiscated by the insurer will receive rewards in the form of 6022 tokens that have been collected throughout the collateral lock period.

Note that the insurer determines the amount and type (token or NFT) of collateral to be provided when the contract is initialized in T6022.

2.2 Supply and allocation of T6022

Maximum supply

T6022's maximum total supply is capped at 1 billion tokens.

Allocation and distribution

The key elements of the T6022 token allocation and distribution include the following:

- The tokens will not be used to raise funds or reward the team. The 6022 Protocol is launching the T6022 to support its business plan, not to raise funds.
- All tokens are generated at the token generation event.
- All tokens are allocated to liquidity provision.

3. Fee redistribution

Policyholders with eligible collateral (see [eligibility criteria](#)) receive and accumulate, throughout the lock period, T6022 tokens that have been collected from fees paid to the protocol (we use the term "fee redistribution" in the remainder of this document).

Below, we describe how fees are collected from a specific insurance pool (see section 3.1 [fee collection](#)), and how this amount is redistributed among the pool's eligible policyholders (see section 3.2 [fee redistribution to policyholders](#)).

3.1 Fee collection (at insurance pool level)

The fees collected by the protocol at a given time depend on several parameters, as described below:

- **Fees T:** The amount of fees redistributed to policyholders in T6022 for a particular insurance pool is determined by the fees paid in T6022 by the insurance company when a contract is initialized:
 - The fees are based on the amount of collateral declared by the insurer at the time of contract initialization and are expressed as a percentage thereof.
 - The fee T is set at 2% (of the collateral value): this reflects the opportunity cost for policyholders who expect a minimum return on their collateral.
 - Fees are paid in T6022 tokens, and the exact exchange rate is set by the insurer when the contract is initialized.¹
- **Confiscated collateral:** The amount of fees redistributed also depends on the amount of collateral confiscated before the end of the lock period. In this case, the fees accumulated by a depositor whose collateral is confiscated before the end of the lock period are added to the fee pool of the insurance company that confiscated the collateral and are immediately redistributed to the other eligible policyholders.
- **Number of eligible contracts:** Ultimately, the amount of fees redistributed depends on the number of initiated and eligible contracts at any given time.

¹ The insurer indicates the equivalent of the collateral amount in T6022; this amount is purely declarative.

The total amount of fees collected during a transaction (deposit fees when initiating a contract, or the collection of fees attached to confiscated collateral which are redistributed to eligible insurers in a pool) at time t , in the insurance pool a is represented by

$$r_{a,t}^t$$

3.2 Redistribution of fees to policyholders

This section describes the mechanism for fee redistributing to eligible policyholders in the 6022 Protocol. A key aspect of the mechanism is its emphasis on fairness and proportionality, ensuring that fees are redistributed based on the value of each policyholder's collateral.²

Eligibility criteria

To be eligible for redistributed fees, a policyholder must meet the following criteria:

- Pre-existing collateral: Only policyholders with collateral that existed prior to a fee redistribution at time t are eligible for that redistribution.
- Collateral value: The collateral value must be greater than 0.

We define the time at which a policyholder becomes eligible for redistribution by the letter d . Thus, a policyholder is eligible for redistribution only if d is earlier than t ($t > d$).

Fee redistribution period

All fees at time t are immediately redistributed to all users of an insurance pool with eligible collateral. Distributed fees received at time t are added to fees already distributed to a policyholder.

Note that a policyholder cannot withdraw accumulated fees before the end of his or her lock period³; accumulated fees are withdrawn at the same time as the collateral using an NFT key that the policyholder receives when the contract is initialized.⁴

² Depending on the value declared when the smart contract is created by the insurer, this value is immutable.

³ The definition of the lock period is set by the insurer when the contract is initialized.

⁴ The insurer receives two NFT keys when the contract is initialized, enabling him to recover the collateral before or after the end of the lock period.

Required parameters to calculate individual redistribution fees

The amount of redistributed fees collected by policyholder i depends on:

1. The total amount of fees collected $r_{a,t}$ at time t (see section 3.1 [fee collection](#)).
2. The amount of collateral valued in T6022 by the insurer a when initiating a contract with the policyholder i : $f_{i,a}$. This amount is determined and fixed at contract initiation.
3. The sum of all collateral valued in T6022 of all eligible policyholders (see [eligibility criteria](#)) in an insurance pool a at time t : $tf_{a,t} = \sum_{i=1}^v f_{i,a,t}$ where v is the number of eligible policyholders in an insurance pool.

Mechanism for redistributing fees to policyholders

Each policyholder i with eligible collateral receives a share of the total fees collected $rt_{a,t}$ in an insurance pool a at time t . The amount of redistributed fees collected by each eligible policyholder i is proportional to its share of the total collateral of an insurance pool⁵, represented by:

$$ri_{i,a,t} = rt_{a,t} \times \frac{f_{i,a}}{tf_{a,t}}, \text{ with } t > d$$

where $ri_{i,a,t}$ are the redistributed fees collected by individual i at time t in the insurance pool a and with d as the time at which individual i becomes eligible to receive redistributed fees. Note that policyholders collect fees as long as they are eligible. That is, from the time immediately after the policyholder provides the collateral and pays the fees until the collateral is withdrawn or until the end of the lock period.

This simple mechanism ensures that the fees received by each policyholder are directly proportional to their contribution to the total eligible collateral. This means that a policyholder who has provided a large amount of collateral during his lock period (and therefore refrains from investing the same amount elsewhere) will receive more fees than another policyholder with a small amount of collateral.

Example of fee redistribution

For example, suppose there are three policyholders with a collateral of 100, 200, and 300 (i.e., in total 600), and that the total fees collected at time t are 60 T6022.

The fees will then be redistributed as follows

- Redistribution of fees to policyholder 1: $60 \times 100/600 = 10$ T6022
- Redistribution of fees to policyholder 2: $60 \times 200/600 = 20$ T6022
- Redistribution of fees to policyholder 3: $60 \times 300/600 = 30$ T6022

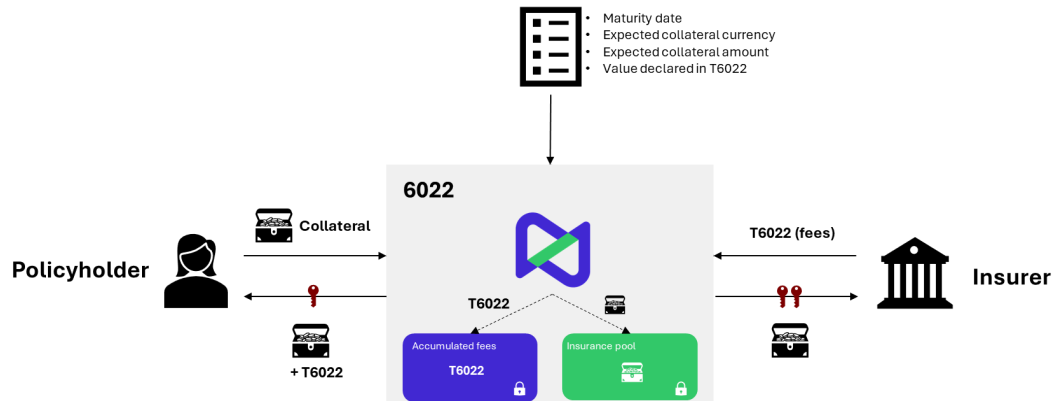
This fee redistribution mechanism is designed to ensure a fair and proportional redistribution of fees, encouraging participants to contribute to the system's collateral pool. By aligning fee redistributions with collateral, the protocol aims to maintain a healthy and robust economic ecosystem.

⁵ Depending on the value declared when the smart contract is created by the insurer, this value is immutable.

3.3 Illustration of the T6022 fee collection and redistribution mechanism

The following illustration summarizes how fees are collected and redistributed to eligible policyholders.

Image 1 - Flow diagram



The collateral is secured by a lock (🔒) and one or two keys are required to retrieve it. After the end of the lock period only one key (🔑) is required. In this case, the policyholder who has recovered the collateral will also receive the accumulated fees. To open the vault and retrieve the collateral before the end of the lock period two keys (🔑🔑) are required. In this case, the insurer (the only one with two keys) recovers the collateral. In addition, when the vault is opened with two keys, the accumulated fees associated with the collateral are not redistributed to its policyholder, but to all (other) eligible policyholders in the insurance pool.