



本商品經本公司合格簽署人員檢視其內容業已符合保險精算原則及保險法令，惟為確保權益，基於保險業與消費者衡平對等原則，消費者仍應詳加閱讀保險單條款與相關文件，審慎選擇保險商品。本商品如有虛偽不實或違法情事，應由本公司及負責人依法負責。本商品受保險安定基金之保障，並依該基金動用範圍及限額規定辦理

本公司財務及業務等公開資訊，歡迎至本公司網站(<http://www.cki.com.tw>)查閱，或親蒞本公司(10044台北市中正區武昌街一段五十八號)及各分支機構洽詢。

免費申訴電話：0800-053-588

101.12.14兆產備11310109527號函備查
112年2月24日兆產備字第1124300119號函備查

CHUNG KUO NON-HONOURING / NON-PAYMENT INSURANCE FAILURE BY THE BORROWER TO HONOUR LOAN AGREEMENT INSURANCE WORDING

ARTICLE 1 – INSURING AGREEMENT

1.1 In consideration of receipt of Premium due and payable hereunder and in reliance upon the Article 3.1.3 (Disclosure) and subject to the terms and conditions of this Policy, the Insurer shall indemnify the Insured as follows:

The Insurer shall pay Compensation on the Claim Settlement Date to the Insured for the Insured Loss caused by the failure or refusal of the Borrower, for any reason, to pay Insured Principal in accordance with the Insured Loan Agreement, including, without limitation, for reasons related to country risks such as exchange controls, inconvertibility and payment moratoria, provided the Date of Loss occurs during the Policy Period.

ARTICLE 2 – DEFINITIONS

- 2.1 **Borrower** means the legal entity listed in Item 3 of the Declarations.
- 2.2 **Business Day** means any day that is not a Saturday or Sunday or a public holiday in Vietnam and Singapore.
- 2.3 **Claim** means the Insured's written claim for Compensation submitted in accordance with the Claim Procedure of Article 3.3.
- 2.4 **Claim Settlement Date** means the later of (i) the last Business Day of the Waiting Period or, if the period ends on a non-Business Day, the last Business Day preceding it; and (ii) 10 days following the date upon which the Insurer has received all evidence necessary to prove a final or amended claim.
- 2.5 **Compensation means** the amount payable to the Insured as compensation for an Insured Loss.
- 2.6 **Coverage Period** means the number of days between each Premium Payment Date as set forth in Schedule 2.
- 2.7 **Date of Binding** means the date set forth in Item 9 of the Declarations, being the date on which the Insurer commit to provide insurance. In circumstances where the Date of Binding is later than the Inception Date, this Policy shall be effective from the Inception Date.
- 2.8 **Date of Loss** means any Due Date of Insured Principal which is due and payable under the Insured Loan Agreement and all or part of which has not been paid by the Borrower.



- 2.9 **Due Date** means the date on which an amount of Insured Principal is due to be paid by the Borrower under the Insured Loan Agreement. The estimated Due Dates for repayment of Insured Principal are set forth in Schedule 2.
- 2.10 **Earned Premium** means that proportion of the Premium (calculated according to the rate(s) set forth in Item 10 of the Declarations) that relates pro rata to the actual Coverage Period elapsed
- 2.11 **Host Country** means the country specified in Item 4 of the Declarations.
- 2.12 **Host Country Government** means (i) the present or any succeeding governing authority (without regard to the method of its succession or as to whether it is internationally recognized in effective control of all or any part of the territory of the Host Country or any political or territorial subdivision thereof (including any dependent territory); and (ii) any other public authority in or of the Host Country on which regulatory powers are conferred by the laws of the Host Country.
- 2.13 **Inception Date** means the date upon which the insurance coverage commences, as specified in Item 9 of the Declarations.
- 2.14 **Information Holders** means the individuals employed by the Insured who are directly involved in the negotiation, management and approval of the Insured Loan Agreement and/or in the negotiation and management of this Policy, or their successors in these functions.
- 2.15 **Insured** means the legal entity whose name and address are specified in Item 2 of the Declarations or, following a notification pursuant to Article 4.1.3 (Assignment of Policy), the legal entity and corresponding address identified in such notification.
- 2.16 **Insured Loan Agreement** means the agreement specified in Item 5 of the Declarations, including all exhibits and attachments thereto, as provided to the Insurer.
- 2.17 **Insured Loss** means the Insured Percentage of the Insured Principal which is not received by the Insured from the Borrower when due under the Insured Loan Agreement and which remains outstanding for the continuous duration of the Waiting Period, less:
- (i) any amount received by the Insured from the Borrower or any other source on account of the Insured Loss;
 - (ii) any amount which the Borrower is able to credit to its own account by way of set-off or counter-claim against the Insured under the Insured Loan Agreement;
 - (iii) any amount which the Insured is able to appropriate as, or towards, payment of the Insured Loss.

In the event of an Insured Loss, if: (a) the Borrower has incurred financial indebtedness of whatsoever nature in respect of which the Insured is the creditor and which is not Insured under this Policy and (b) subsequent to the Date of Loss that is the subject of a Claim such Borrower makes a payment to the Insured and does not designate the financial indebtedness to which such payment applies (an “Undesignated Payment”), and the Insured, in circumstances where it is free to allocate such funds, opts not to allocate the Undesignated Payment on either a pari passu and pro rata basis across all outstanding financial indebtedness due to the Insured by such Borrower and the Insured Loss, or on an oldest outstanding due date first basis; then in determining the amount of Compensation, the Insurer may deem such Undesignated Payment to have been applied pari passu and pro rata to the Insured Loss and unInsured financial indebtedness due to the Insured by such Borrower in the same proportion as each bears to the aggregate of the Insured Loss and unInsured financial indebtedness outstanding due to the Insured by such Borrower on the date of deemed application.



Where the Insured holds funds on account for the Borrower the Insured shall have the right (but not the obligation) to set off such funds on the occurrence of an Insured Loss. In relation to any rights of the Insured to set-off funds held on account for the Borrower, upon the occurrence of an Insured Loss, the Insured and the Insurer will discuss whether the successful application of said funds is legally possible, practicable and beneficial in order to avoid or diminish an Insured Loss under this Policy, and will agree on an appropriate course of action.

Notwithstanding the right of the Insured to set-off funds held on behalf of the Borrower at its discretion, if a set-off which the Insurer and Insured have agreed is capable of successful application is not applied pari passu and pro rata to the Insured Loss and any other financial indebtedness of the Borrower to the Insured not Insured under this Policy, the potential amount of Compensation payable by the Insurer in accordance with this Policy will be reduced by an amount equal to the proportion (expressed as an absolute number) which the Insured Loss bears to the aggregate of the Insured Loss and unInsured financial indebtedness outstanding in respect of such Borrower on the notional date of set-off determined by the Insured, less any amount which it would have been obliged to share with any other participants in the Insured Loan Agreement.

In the event that it is decided to proceed with the set-off and the set-off is successfully challenged by the Borrower, or a person acting in its name or on its behalf, the Insured shall pay to the Insured the amount by which it has benefited together with interest at the rate claimed by the Borrower, or such other person. The costs of disputing any such challenge shall be split between the Insured and Insured pro rata to the benefit each has enjoyed from the set-off.

- 2.18 **Insured Percentage** means the proportion of the Insured's participation in the Insured Loan Agreement which is Insured under this Policy and is set forth in Item 7 of the Declarations.
- 2.19 **Insured Principal** means any principal amount owing to the Insured under the Insured Loan Agreement, which at the Inception Date shall be the amount set forth in Item 5 of the Declarations.
- 2.20 **Insurer** means the legal entities whose names and addresses are set forth in Item 1 of the policy Declarations and Article 4.1.10 (Notices).
- 2.21 **LIBOR** means, in relation to any payment in US Dollars to be made in connection with this Policy:
- (a) the applicable percentage rate per annum determined by the British Bankers Association Interest Settlement Rate for a one month period, displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Insured may specify another page or service displaying the appropriate rate after consultation with the Insurer; or
 - (b) (if the screen rate set out in (a) above is not available for a one month period) the rate (rounded upwards to four decimal places) as supplied by the Insured; as of 11.00 a.m. on the Claim Settlement Date.
- 2.22 **Maximum Aggregate Limit of Liability** means the maximum amount of Compensation that the Insurer will pay to the Insured under this Policy, as set forth in Item 6 of the Declarations. The actual Limit of Liability may vary in accordance with the Insured Loan Agreement (including any voluntary prepayment made by the Borrower), and consequently, an endorsement to this Policy shall be proposed by the Insured for agreement by the Insurer to amend Schedule 2 as contemplated by Article 3.5(ii) and Article 3.7. Such agreement not to be unreasonably withheld. Premium will be calculated on such amended amounts.
- 2.23 **Minimum Premium** means the non-refundable amount specified in Item 11 of the Declarations.



- 2.24 **Minimum Retained Percentage** means the minimum percentage held by the Insured for its own risk and account of the Insured Principal outstanding under the Insured Loan Agreement from time to time, as set forth in Item 8 of the Declarations.
- 2.25 **Policy** means this agreement, the Declarations, Schedules and endorsements hereto and any information provided by the Insured.
- 2.26 **Policy Currency** means the currency of the Insured's Premium payments and the Compensation payable by the Insurer to the Insured, if any, if an Insured Loss is denominated in the Policy Currency, as identified in Item 10 of the Declarations.
- 2.27 **Policy Period** means the period, both dates inclusive and local standard time at the address of the Insured, as set forth in Item 9 of the Declarations.
- 2.28 **Premium** means the amounts payable by the Insured to the Insurer as set forth in Article 4.1.2 (Premium) and Schedule 2.
- 2.29 **Premium Payment Date** means any date that premium is payable as set forth in Schedule 2 hereto.
- 2.30 **Proof of Loss** means the Notice of Claim and Proof of Loss form attaching to and forming part of this Policy, attached as Schedule 4.
- 2.31 **Scheduled Repayment Amount** means any of the amounts set forth in Schedule 2 of this Policy and under the Insured Loan Agreement.
- 2.32 **Scheduled Repayment Date** means any of the dates set forth in Schedule 2 of this Policy and under the Insured Loan Agreement.
- 2.33 **Unearned Premium** means premium that has not been earned in accordance with the definition of Earned Premium above.
- 2.34 **Underwriting Information** means the items listed in Schedule 1 and any written statements made by the Insured to the Insurer. For the avoidance of doubt, oral information does not constitute Underwriting Information.
- 2.35 **UnInsured Percentage** means the proportion of the Insured's participation in the Insured Loan Agreement that is not Insured under this Policy.
- 2.36 **Waiting Period** means the period which starts on the Date of Loss and continues for the number of days specified in Item 12 of the Declarations.

ARTICLE 3 - OPERATIONAL REQUIREMENTS

3.1 WARRANTIES

The Insured warrants that:

3.1.1 Legally Enforceable Obligation

The Insured Loan Agreement and the related obligations are, to the best of the Insured's knowledge and belief after customary due diligence, legally valid and enforceable obligations of the Borrower in all material aspects at the Inception Date of the Policy.



3.1.2 Compliance with Laws

The Insured is in compliance in all material respects with the laws applicable to the Insured, of the country of the Insured and of the Host Country at the Date of Binding, in each case in so far as such laws relate to the Insured Loan Agreement and the Policy, it being agreed that the laws of the Insured's country shall apply in the event of a conflict of law. The Insured shall use all reasonable efforts to ensure that it is not in breach of any laws which relate to this Policy that are introduced after the Date of Binding or any endorsement.

3.1.3 Disclosure

At the Date of Binding of this Policy and at the time of any endorsement hereto and at the time of any material amendment to the Insured Loan Agreement:

- (a) the Information Holders have no knowledge of any circumstance which could give rise to an Insured Loss under this Policy which has not been disclosed to the Insurer;
- (b) the Underwriting Information and any other written information which the Insured has provided or will provide to the Insurer is true and complete in all material respects to the best of the Information Holders' knowledge;
- (c) to the best of the Information Holders' knowledge after customary due diligence, no facts which are material to the risk Insured under this Policy, have been withheld from the Insurer;
- (d) the processes and due diligence which the Insured applies in selecting an entity to whom it will lend are in all material respects the same regardless of whether the loan obligations are Insured or unInsured; and
- (e) to the best of the Information Holder's knowledge, after customary due diligence, the Insured and the Borrower have obtained all authorization and licenses required under the laws and regulations of the Host Country for the performance of their obligations under the Insured Loan Agreement.

The Insurer acknowledge and agree that:

- (v) they have entered into this Policy on the basis of its independent judgment regarding the creditworthiness of the Borrower using the Underwriting Information provided by the Insured to the Insurer as of the Date of Binding;
- (x) certain of the Underwriting Information was provided to the Insured by a third party and that the Insured has no liability in respect of, and the Insurer have no right to avoid or reduce its liability under this Policy in respect of, any errors or omissions in such information; and
- (y) subject to 3.1.3(a) through and including 3.1.3(d), the Information Holders have used customary due diligence in the gathering the Underwriting Information and have disclosed to the Insurer, any inaccuracy or incompleteness in the Underwriting Information which, in good faith the Information Holders were not aware at the time of disclosure, shall not prejudice the Insured's rights under the Policy provided always that the Insured informs the Insurer promptly upon becoming aware of such discrepancy.

3.1.4 Minimum Retained Percentage



The Insured retains, for its own account, without recourse to any party, the Minimum Retained Percentage as stated in Item 8 of the Declarations.

3.1.5 Ownership and Control

The Insured does not, and for the duration of the Policy shall not, directly or indirectly control, own, operate or manage an interest in excess of fifty percent (50%) in the Borrower, unless such interest is acquired as the result of enforcement of security held by the Insured.

3.2 EXCLUSIONS

The Insurer shall have no liability for any loss caused by:

3.2.1 Fraudulent and Other Acts or Omissions

A fraudulent, illegal or criminal act or omission of the Insured.

3.2.2 Material Default

Any loss caused directly by material default of the Insured in the performance of its obligations under the Insured Loan Agreement.

3.2.3 Insolvency or Financial Default

The insolvency, bankruptcy or financial default of the Insured.

3.2.4 Nuclear

- (i) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- (ii) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- (iii) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- (iv) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. (The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.); or
- (v) any chemical, biological, bio-chemical, or electromagnetic weapon.

3.2.5 Pre-Existing Conditions

Any applicable laws, judicial precedents, and regulations, which, at the inception of the Policy Period, were either in effect, or were publicly known to be under consideration, or should reasonably have been known to the Insured;

3.2.6 Dispute

Any dispute between the Insured and the Borrower until resolved in accordance with the dispute resolution provisions of the relevant contractual documents or otherwise to the satisfaction of the Insurer. For the avoidance of doubt, the resolution of such dispute does not have to occur during the Policy Period, provided it was commenced within the Policy Period.

3.2.7 Induced Default

Any loss caused as a direct consequence of the Insured inducing the Borrower to default under the



Insured Loan Agreement or provoking the Host Country Government to the extent it takes action that directly results in the Borrower defaulting under the Insured Loan Agreement. For the avoidance of doubt, Induced Default shall not include a default by the Borrower on a payment obligation arising as a consequence of the Insured accelerating the amounts owing to it under the Insured Loan Agreement in accordance with the terms of the Insured Loan Agreement.

3.3 CLAIM PROCEDURE

3.3.1 Notification

The Insured shall notify the Insurer promptly upon the occurrence of any event that could, in the Insured's judgement, be reasonably expected to give rise to an Insured Loss and in any event within 30 days of non-receipt of any amount due from the Borrower. Notification shall be in writing.

3.3.2 Waiting Period

The Waiting Period shall commence on the Date of Loss provided the Insurer has received the Insured's notification thereof in compliance with Article 3.3.1 (Notification), otherwise the Waiting Period shall commence on the date of receipt by the Insured of the Insured's Notice of Claim and Proof of Loss Form.

The Waiting Period in respect of subsequent Claims arising from the Insured Loss shall be reduced to 30 days from the relevant Date of Loss provided that the first Waiting Period is expired and for these subsequent Claims the Insured will not be required to submit a detailed Notice of Claim and Proof of Loss as provided below. Should a subsequent Claim be made in respect of an unconnected event, the Insured will be required to submit a Notice of Claim and Proof of Loss Form as provided below.

3.3.3 Notification of Claim and Proof of Loss Procedure

Following receipt by the Insured of a notification pursuant to Article 3.3.1 (Notification), the Insured will communicate with each other with respect to the circumstances surrounding the Insured Loss, and the Insured shall provide to the Insurer all information the Insurer may reasonably request with regard to these circumstances.

The Insured shall submit a Notice of Claim and Proof of Loss and supporting documentation and information during the Waiting Period, which shall be treated by the Insurer as a draft Claim. The draft Claim must state the Insured Loss and demonstrate (i) that the Insured Loss occurred, (ii) the calculation of the Compensation being claimed, reflecting any adjustments applicable in accordance with Article 2.17 (Insured Loss), and (iii) that there has been no breach of any of the terms and conditions of the Policy. Within twenty (20) calendar days of the receipt of the draft Claim, the Insurer shall request any additional information and/or evidence that in their good faith judgment is required to determine the validity of the draft Claim. The Insured shall promptly provide any additional evidence reasonably required by the Insurer.

In the event that the Insured Loss has continued for the duration of the Waiting Period, the Insured shall submit a final Claim that shall contain all of the information provided to the Insurer in connection with the draft Claim on or promptly following the last Business Day of the Waiting Period confirming (i) that the Insured Loss occurred and has continued for the duration of the Waiting Period, (ii) the final calculation of the Compensation being claimed, reflecting the adjustments applicable as at the date of the submission of the final Claim, and (iii) that there has been no breach of any of the terms and conditions of the Policy.

If the Insurer does not accept the final Claim, the Insurer shall state the reasons for such non-acceptance promptly and within twenty (20) calendar days shall request any additional information and/or evidence that in their good faith judgement is required to determine the validity of the final Claim. The Insured may resubmit an amended Claim thereafter providing any additional evidence reasonably required by the Insurer to prove the final Claim. If the Insurer accepts the final or amended Claim, the Insurer shall pay the Insured Percentage of the Insured Loss on the Claim Settlement Date.



A final or amended Claim may be submitted at any time following the expiry of the Waiting Period, but in no event later than six (6) months from the last day of the Waiting Period. The Insured must provide any additional evidence reasonably necessary to prove the Claim. The Insurer shall make a claims determination and advise the same to the Insured promptly and no later than thirty (30) days following the date upon which the Insurer have received the additional evidence reasonably necessary to prove the Claim.

In any Claim, and/or any arbitration to enforce a Claim hereunder, the burden of proving a valid Claim shall fall upon the Insured, and the burden of proving that an Exclusion applies shall fall upon the Insurer.

Such acceptable Notice of Claim and Proof of Loss Form shall include evidence that the Loss was caused by an act or occurrence Insured hereunder, confirmation from the Insured that the relevant Scheduled Repayment Amount has not been received in the designated account of the Insured, documentation of the Insured's demand of payment under the Insured Loan Agreement or demand by the agent on its behalf and on behalf of the other lenders if syndicated or agented deal, and evidence of the Borrower's failure or refusal to honour such demands, and any other information that the Information Holders, in their good faith judgment, deem relevant to the claim.

3.3.4 Interest on Late Settlement

Following a determination that a Claim is valid, the Insurer shall pay interest at 1 month LIBOR plus 1.00% per annum on any Claim payment that has been determined to be due hereunder to the Insured on the Claims Settlement Date and is not paid on the Claims Settlement Date. Such interest payments fall outside the Maximum Aggregate Limit of Liability. Interest is to be calculated from Claims Settlement Date plus 1 Business Day, payable in arrears.

3.3.5 Subrogation and Assignment

Upon receipt by the Insured of the payment by the Insurer of the Compensation hereunder, the Insurer shall be subrogated, to the extent of that part of the Insured Loss for which Compensation is paid, to all of the Insured's rights under the Insured Loan Agreement, including any promissory notes and other security agreements in connection with the Insured Loan Agreement.

Alternatively, at the Insurer' request, the Insured shall assign to the Insurer (except where the Insured are legally prevented from so doing) those rights set out above.

If in accordance with the provisions of the Insured Loan Agreement, the Insured is unable to assign such rights as outlined above to the Insurer, the Insured agree, as a condition precedent to payment of any Claim hereunder, to act as agent on behalf of the Insurer in the pursuit of any recoveries which are lawful as may be directed via legal diplomatic, informal, administrative and /or judicial means against any person or organization in respect of the Insured Loss for which Compensation is to be paid.

Except as required by applicable law, the Insured shall not release the Borrower from its obligation to make all Insured Principal payments under the Insured Loan Agreement (or any part thereof) that are the subject of an Insured Loss without the Insurer' written approval. The Insured shall execute and deliver all instruments and documents and do whatever is reasonably required to secure such rights for the Insurer. The Insured shall do nothing to prejudice the Insurer' rights and vice versa. The Insured and the Insurer will co-operate in good faith in relation to matters outlined in this Article 3.3.5.

3.3.6 Minimisation of Loss and Allocation of Costs

- (i) Save as set out in Article 3.3.6(ii) below the Insured and the Insurer shall do all things reasonably practicable to avoid or diminish any Insured Loss under this Policy. In the exercise of its rights under the Insured Loan Agreement, the Insured shall act in all material respects in a manner that is consistent with its policies, practices and procedures that



it generally applies in respect of its loan assets that are of a similar nature to the loan Insured hereunder.

- (ii) Prior to the expiry of the Waiting Period, all costs incurred by the Insured in complying with this Article shall be borne by the Insurer; however, should the Insurer require the Insured to take action(s) during the Waiting Period that are outside of the Insured's normal procedures in the event of non-payment, the Insurer and Insured shall seek to agree at the time of such request on the allocation of any external costs incurred by the Insured as a result of such action prior to the expiry of the Waiting Period. If the Insurer and Insured fail to reach agreement on such cost allocation, then the Insured shall not be obliged to take any actions outside its normal procedures in the event of non-payment.
- (iii) Upon expiry of the Waiting Period and acceptance of the Claim by the Insurer, all costs, expenses and fees incurred by the Insured in complying with this Article shall be borne by the Insurer and the Insured pro-rata based on the Insured Percentage and the UnInsured Percentage.

3.3.7 Recoveries

After payment of Compensation by the Insurer in accordance with this Policy, all subsequent salvage and recoveries pursuant to the terms of the Insured Loan Agreement shall inure to the benefit of the Insurer and the Insured pro-rata based on the Insured Percentage and the UnInsured Percentage and shall be applied as follows:

- (i) First, all costs, expenses and fees incurred by the Insurer and the Insured pursuant to Article 3.3.6. (Minimisation of Loss and Allocation of Costs).
- (ii) Second, and after the entitlements of the Insurer and the Insured in (i) above are fully satisfied, to the Insurer and the Insured in the same proportion to the Insured Percentage and the UnInsured Percentage in respect of an Insured Loss for which Compensation has been paid under this Policy.
- (iii) Third, and after the entitlements of the Insurer and the Insured in (ii) above are fully satisfied, to the Insured.

The Insured and the Insurer hereby acknowledge that they are entitled to the UnInsured Percentage and the Insured Percentage respectively in relation to any recovered monies, and any and all such sums recovered pursuant to the terms of the Insured Loan Agreement shall be held, in their respective proportions, on trust for each other and that each will pay to the other party that proportion of the recoveries after the costs of recoveries incurred by both the Insured and the Insurer have been reimbursed in full.

For the avoidance of doubt, any payment to the Insurer under this Article 3.3.7 in respect of such recoveries shall not exceed the aggregate of all payments made by the Insurer to the Insured pursuant to the terms of this Policy plus costs incurred under Article 3.3.6. (Minimisation of Loss and Allocation of Costs).

3.3.8 Outstanding Premium Payments

Without prejudice to Article 3.5.2 (Termination by the Insurer), in the event of the occurrence of an Insured Loss hereunder, the Total Estimated Premium Due listed in Item10 of the Declarations shall be deemed earned hereunder and any sums not already paid may, in the Insurer's sole discretion but after consultation with the Insured, either be set off by the Insurer against any Compensation due to the Insured, or payable by the Insured according to the Premium Payment Dates set out in Schedule 2.

3.4 LAW AND ARBITRATION



3.4.1 Governing Law and Jurisdiction

The construction, validity and performance of this Policy and any non-contractual obligations arising out of or in connection with it, shall be governed by the laws of Singapore subject to the exclusive jurisdiction of the Courts thereof except as expressly provided for in Article 3.4.2 (Disputes and Arbitration (SIAC)) below.

3.4.2 Disputes and Arbitration (SIAC)

- (i) Any dispute, controversy or claim arising out of, relating to, or in connection with this Policy, shall be finally settled by arbitration. The arbitration shall be conducted in accordance with the Rules of the Singapore International Arbitration in effect at the time of the arbitration. The seat of the arbitration shall be Singapore, and shall be conducted in English.
- (ii) The arbitration shall be conducted by three arbitrators. The claimant initiating the arbitration shall appoint an arbitrator in its written request for arbitration. The respondent shall appoint an arbitrator and so notify the claimant in writing within forty-five (45) days of its receipt of the request for arbitration. The first two arbitrators appointed in accordance with this provision shall appoint a third arbitrator within forty-five (45) days after the respondent has notified the claimant of the appointment of its arbitrator. The third arbitrator shall serve as chairperson of the arbitration. If the two arbitrators are unable to agree on the appointment of the third arbitrator, the third arbitrator shall be appointed in accordance with the Rules of the Singapore International Arbitration (SIAC) at the time of such submission.
- (iii) The arbitral award shall be in writing, state the reasons for the award, and be final and binding on the parties. Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over the relevant party or asset. In no event shall the Insurer be liable for payment of any award issued by the arbitration panel under this Policy for an amount exceeding the Maximum Aggregate Limit of Liability. By entering into this agreement to arbitrate, the parties expressly waive any claim for punitive, exemplary or any similar damages. The only damages recoverable under this Policy are compensatory damages.
- (iv) The prevailing party in any dispute shall be entitled to its costs, including reasonable lawyers' fees.
- (v) The governing law of this agreement to submit to arbitration is the substantive law of Singapore.

3.5 TERMINATION

3.5.1 Termination by the Insured

- (i) Credit Downgrade of Insurer or Cessation of Underwriting
In the event that at any time during the Policy Period, an Insurer's financial strength rating has fallen below Standard & Poor's (a division of the McGraw-Hill Companies Inc.), A- (A minus) or a comparable credit rating provided by either Fitch Ratings Ltd or Moody's Investors Service Inc, or is not or no longer rated by any of the ratings agencies above or the Insurer has ceased underwriting the type of insurance provided under this Policy, the Insured may, at its sole option, replace the Insurer or terminate this Policy on a date of termination in respect of the Insurer's participation, providing that the Insured gives the Insurer at least fifteen (15) Business Days prior written notice before the date of termination and such notice is within 90 Business Days of such credit rating downgrade. The Insurer will be obliged to return to the Insured any Unearned Premium as at the date of termination, and the Insured shall be obliged to pay the Insurer any Earned Premium which has not been paid up until the date of termination.

In the event there are any notified, reserved or paid Claims, the entire Premium shall be deemed fully earned unless the Insured withdraws such Claims and reimburses the Insurer for any payments



made under the Policy. Any return of Premium or agreement to cancel shall also be subject to a written full release of liability from the Insured.

(ii) Loan Prepayment

Termination of this Policy by the Insured is permitted upon five (5) Business Days' notice to the Insurer if the Insured Loan Agreement is prepaid or refinanced by the Borrower, in which case a pro-rata portion of the Premium will be returned by the Insurer based on any Unearned Premium already paid as of the date of prepayment or refinancing, subject to the Insurer receiving the Minimum Premium

In the event that the Insured's participation under the Insured Loan Agreement is reduced, in whole or in part, in accordance with the Insured Loan Agreement, the Insured and the Insurer shall execute an endorsement to this Policy (i) reducing the Maximum Aggregate Limit of Liability in proportion to the reduction in the Insured's participation and (ii) revising the Premium calculation set forth in Schedule 2.

(iii) Credit Deterioration

The Insured may terminate this Policy if the Insured and the Insurer mutually agree in writing that there is a deterioration in the credit quality of the Borrower and the Insured has identified a suitable exit strategy which is expected to avoid or diminish an Insured Loss under this Policy. In the event of termination under this Article 3.5.1(iii), the Insurer shall be obliged to return any Unearned Premium, and the Insured shall be obliged to pay the Insurer any Earned Premium which has not been paid.

(iv) No Insurable Interest

In the event the Insured sells or transfers 100% of its interest in the Insured Loan Agreement such that it no longer has an insurable interest, the Insured shall cancel this Policy at any date by providing ten (10) Business Days' advance written notice to the Insurer, subject to the Insurer retaining the greater of the following:

- a. Premium earned to the date of cancellation or
- b. the Minimum Premium.

3.5.2 Termination by the Insurer

The Insurer may terminate this Policy only for the non-payment of Premium. The Insurer shall provide written notice, stating when, not less than fifteen (15) Business Days thereafter, the termination shall be effective. The Policy shall terminate on the date and time specified in the notice unless Premium has been paid by the Insured prior to the termination date, in which event the Policy shall remain in full force and effect and the notice of termination shall be deemed null and void.

3.6 CONFIDENTIALITY

3.6.1 Disclosure of Existence of Policy

Neither the Insured, nor the Insurer shall disclose the existence of this Policy to any third party, with the exception of their officers, directors, employees, regulators, auditors, the Broker, financial, legal and other professional advisors and (in the case of the Insurer) Retrocessionaires, and the Insured (in all cases on a confidential basis), and (in the case of the Insured) the officers, directors, employees, regulators, auditors, financial, legal and other professional advisors of the Insured's head office, without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed. Nothing contained herein shall prevent the Insured or Insurer from disclosing any information in connection with any legal or regulatory proceeding or as required by law or regulation or court order or tribunal order or recovery actions or government authority.

3.6.2 Information provided by the Insured



The Insurer shall maintain in the strictest of confidence all non-public information that they receive from or on behalf of the Insured. It shall not release such non-public information other than where required to do so by law or regulation or other than to its employees, officers, directors, financial legal and other professional advisors and Insurer (on a confidential basis) who need to have such information in connection with this Policy or for application of Article 3.4 (Law and Arbitration) of this Policy. The obligation of the Insurer under this Article 3.6.2 shall expire 2 years after the expiry of this Policy.

3.7 DEFERRAL, RESCHEDULING AND ACCELERATION

3.7.1 Deferral or Rescheduling

The Insured and Insurer will not determine a course of action with regard to any deferral or rescheduling of any amount due under the Insured Loan Agreement without consulting in good faith with each other and taking into account any views expressed.

In the event the Borrower reschedules any Scheduled Repayment Date(s), the Insured may file Claims, and the Insurer shall pay Compensation, for such rescheduled amounts in accordance with their original Due Dates. After the rescheduling enters into force, Compensation for rescheduled amounts shall be paid no later than 30 days following the later of (i) the original Due Date of the rescheduled Scheduled Repayment Amounts, (ii) the date the rescheduling enters into force, and (iii) the date the Insured files a Claim for such Scheduled Repayment Amounts. Payments made by the Borrower in respect of rescheduled amounts for which the Insurer pays Compensation shall constitute recoveries to be paid to the Insurer in accordance with the terms and conditions of this Policy.

3.7.2 Acceleration

The Insured and Insurer will not determine a course of action with regard to any acceleration of any amount due under the Insured Loan Agreement without consulting in good faith with each other and taking into account any views expressed.

In the event of an acceleration of all or part of the Insured Principal in accordance with the Insured Loan Agreement:

- (a) A default by the Borrower on a payment obligation arising from such acceleration shall not give rise to a corresponding acceleration of the Insurer's obligation to pay Compensation hereunder. The Waiting Period for the accelerated amount shall commence on the date of such acceleration.
- (b) Compensation shall be paid in accordance with the Scheduled Repayment Amounts and Scheduled Repayment Dates set out in Schedule 2 of this Policy. The Insured shall be obligated to continue paying Premium in accordance with Schedule 2.
- (c) The Insurer shall have the option, but are not required, to accelerate the payment of any Compensation but shall not determine its choice of option without consulting with the Insured. If the payment of Compensation is accelerated, the Insured shall be obliged to pay the Insurer the unpaid portion of the Total Premium Due as provided for by Article 3.3.8.(Outstand Premium Payments). Further, if the payment of Compensation is accelerated, the Waiting Period shall commence on the date on which the accelerated amount is due from the Borrower.

4 GENERAL CONDITIONS

4.1.1 Complete Agreement of the Parties, Amendments and Waivers

This Policy together with the Declarations and any Schedules and endorsements made a part hereof constitutes the complete agreement between the Insurer and the Insured. No provision of this Policy



may be modified or supplemented except by a written agreement executed by authorized representatives of the parties. Neither party shall be deemed to have waived any of its rights under this Policy, unless expressly so stated in a written notice by the party waiving such right to the other party.

4.1.2 Premium

Premium shall be calculated for each Coverage Period as follows:

With respect to outstanding Insured Principal, at the applicable rate specified in Item 9 of the Declarations multiplied by amounts specified for that Coverage Period in the columns entitled 'Insured Principal (Drawn)' as set forth in Schedule 2.

The Total Premium shall be due at inception but payable in four (4) equal quarterly instalments the first payable within 45 days of the Inception Date. Any Premium payable or other payments due under this Policy to the Insurer shall be payable by the Insured to the Insurer

4.1.3 Assignment of Policy

The Insured may not assign or transfer this Policy or the benefits or obligations thereof to any other party or person without the Insurer's prior written consent; provided always that the Insured can, with the Insurer's prior agreement, require any Claim payments hereunder to be made to the named loss payee stated in the Policy Declarations, all the Insured's obligations under this Policy remaining unaffected.

4.1.4 Modifications to Insured Loan Agreement

It is a condition precedent to Insurer's liability hereunder that the Insured shall not agree to any material change, waiver or amendment to the Insured Loan Agreement (including, but not limited to, any modification to the repayment terms of the Insured Loan Agreement) without the prior written consent of the Insurer, such consent not to be unreasonably withheld or delayed.

4.1.5 Contracts (Rights of Third Parties) Act Clarification Article

A person who is not a party to this contract has no right under the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore) to enforce any term of this contract but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

4.1.6 Actions against the Insurer

The Insurer shall be discharged from all liability hereunder if a Notice of Claim and Proof of Loss has not been submitted to the Insurer within twelve (12) months of the last day of the Policy Period.

4.1.7 Insured's Records

Upon reasonable notice to the Insured, the Insurer may, at any time during normal working hours, and at their own expense, examine or copy any records in the possession or control of the Insured relating to or connected with this Policy. The Insured shall maintain all records for a period of six (6) years after the expiration of this Policy.

4.1.8 Headings

Headings in this Policy are included for convenience of reference only and shall not constitute a part of this Policy.

4.1.9 Several Liability Notice

Each Underwriter's interest and liabilities under this Insurance Policy shall be separate and apart from the interests and liabilities of the other Underwriter, and the interests and liabilities of the Underwriters under this Insurance policy are several not joint.

4.1.10 Notices

All notices, applications, demands and requests relating to this Policy shall be in writing and given to or made upon the Insurer and copied to the Broker at the following addresses:



4.1.11 Counterparts

This Policy may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this document.

4.1.12 Constraint on Insured

The Insurer hereby acknowledges that the Insured's ability to act is established by the provisions of the Insured Loan Agreement and that the Insured's ability to comply with the terms and conditions of this Policy may be limited by any voting rights established under the terms of such Insured Loan Agreement; and that as a result, a course of action may occur outside of the control of the Insured as the result of a majority vote under the Insured Loan Agreement and they will accept this vote. The Insured shall keep the Insurer apprised of the outcome of any such vote and subsequent action.

4.1.13 Uniform Insolvency Clause (Reinsurance)

In the event of the insolvency of the insurer, the reinsurers of this policy shall be payable directly to the Insured, or to its liquidator, receiver, conservator or statutory successor, to the extent legally possible or as otherwise agreed, on the basis of the liability of the Company without diminution because of the insolvency of the insurer or because the liquidator, receiver, conservator or statutory successor of the insurer has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the insurer shall give written notice to the Reinsurers of the pendency of a claim against the insurer indicating the policy or bond insurer which claim would involve a possible liability on the part of the Reinsurers within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership and that during the pendency of such claim, the Reinsurers may investigate such claim and interpose, at their own expense, in the proceeding where such claim is to be adjudicated any defence or defences that they may deem available to the insurer or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurers shall be chargeable, against the insurer as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the insurer solely as a result of the defence undertaken by the Reinsurers.