



NUCLEAR ENERGY LIABILITY POLICY COVERAGE CLAUSES

Chung Kuo Insurance Co., Ltd., hereinafter called the “Insurer”, agrees with the insured, named in the declarations made a part hereof, in consideration of the premium and in reliance upon the statements in the declarations and subject to the limit of liability, exceptions, conditions and other terms of this policy:

Definitions

It is understood and agreed that for the purposes of this Policy the following words shall have the meanings set out.

The Act - The Nuclear Damage Compensation Law of Taiwan dated July 26th 1971 as amended and effective on May 14th 1998 or as subsequently amended.

Bodily Injury - death, injury, sickness or disease or death resulting from such injury, sickness, or disease and shall include mental injury, mental anguish and shock.

Competent Authority – The authority in respect of any State or territorial waters to which control of the transit of Nuclear Material has been delegated.

Damage to Property – physical loss of or destruction of or damage to tangible property.

Reinsurers - the Reinsurers named in this Policy or in any endorsement hereto signed on behalf of all the Reinsurers concerned.

Nuclear Damage – (1) Bodily Injury or Damage to Property which arises out of or results either from the radioactive properties, or a combination of radioactive properties with toxic, explosive or other hazardous properties of Nuclear Material, or from ionising radiations emanated by any source of radiation coming from, retained in, or sent to a nuclear installation.

(2) Any other loss or damage so arising if and to the extent that the law of the territory in which the Nuclear Damage occurred, so provides.

Nuclear Incident – any occurrence or series of occurrences having the same origin which causes Nuclear Damage.

Nuclear Material – (1) any fissile material in the form of uranium metal, alloy or chemical compound (including natural uranium), or of plutonium metal, alloy or chemical compound and any other fissile material.

(2) Any radioactive material produced in, or made radioactive by exposure to the radiation incidental to, the process of producing or utilising any such fissile material as aforesaid.

Person – any person, firm or corporation or other legal entity

Voyage - Any transit which may include land, air and sea passages, which commences when the subject matter leaves the site named in the declaration and ends upon delivery at final destination or at the time the subject matter, or such part or item thereof, is stolen, lost, jettisoned or abandoned, whichever is the earlier.

Indemnity

In consideration of the Insured paying or having agreed to pay the Premium to the Insurer and the Insurer paying or having agreed to pay to the Reinsurers, the Reinsurers severally agree each for the proportion set against its name and subject to the terms, exceptions and conditions contained herein or endorsed hereon as follows:

Part I

The Reinsurers will indemnify the Reinsured against liability of the Insured (including, subject to proviso (2) below, liability for any means of transport not owned by the Insured) arising under the Act or by virtue of any relevant foreign law (as defined by the Act) made for purposes corresponding to the Act

PROVIDED (1) that the Nuclear Incident giving rise to such liability shall take place in the course of a Voyage declared to the Reinsurers and commenced during the Period of Reinsurance

(2) No liability for damage to any means of transport being used for a Voyage involving Nuclear Material shall be paid if such payment would prevent the satisfaction by the Reinsurers of all other liabilities Reinsured hereunder in respect of the same Nuclear Incident up to an amount equal on the day or the first day of the Nuclear Incident to 5,000,000 Special Drawing Rights as defined by the International Monetary Fund

Part II

The Reinsurers will indemnify the Reinsured against legal liability of the Insured for which the Reinsured is liable (other than liability covered by Part I hereof) in respect of Nuclear Damage resulting from a Nuclear Incident in the course of a Voyage declared to Reinsurers and commenced during the Period of Reinsurance

Exceptions

This Policy shall not reinsure:

1. liability caused by or arising out of:

- (i) war civil war revolution insurrection or civil strife arising therefrom or any hostile act by or against a belligerent power

- (ii) Capture seizure arrest restraint or detainment (piracy excepted) and the consequences thereof or any attempt thereat

Nevertheless this exception shall not extend to liability arising out of derelict mines torpedoes bombs or other derelict weapons of war remaining from previous hostilities or military exercises (whether afloat or submerged) unless the carrying vessel is in the waters of a power in a state of war with any other power

- 2. Any liability after the lapse of 10 years from the date of the Nuclear Incident during the course of a Voyage
- 3. (1) Any liability within:
 - (a) the United States of America or its territorial waters
 - (b) the former Union of Soviet Socialist Republics but not the territorial waters of such countries
- (2) Any claim against the insured made brought or pursued within the United States of America or any claim made brought or pursued outside the United States of America to enforce a Judgment or award
or decision of any court or other tribunal in the United States of America
- 4. Liability for or connected with Bodily Injury or Damage to Property or any loss or expense whatsoever resulting or arising therefrom or any consequential loss directly or indirectly caused by or contributed to by or arising from the radioactive toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof
- 5. Liability for economic loss financial loss loss of profit or any consequential loss of any kind or description not accompanied by Bodily Injury or Damage to Property other than as required by the Act

Memorandum

Cross Liabilities

- 1. Each of the parties comprising the Insured shall for the purposes of this Policy be considered a separate entity the words "the Insured" applying to each as if they were separately and individually insured provided that the total liability of the Insurers under each Part of this Policy to the Insured collectively shall not exceed the Limit of Indemnity
- 2. The Insurers agree to waive all rights of subrogation or actions which they may have or acquire against any of the parties comprising the Insured in respect of any claim within the indemnity by this Policy

Conditions

1. This Policy and the Schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of the Policy or of the Schedule shall bear such specific meaning wherever it may appear
2. The Insured shall give written notice to the Reinsured and they to the Reinsurers of any occurrence incident claim or proceedings immediately the same shall have come to the knowledge of the Insured or the Insured's representative
3. The Insured or the Reinsured shall not without the consent in writing of the Reinsurers repudiate liability negotiate or make any admission offer promise or payment in connection with any occurrence incident claim or proceedings and the Reinsurers shall be entitled if they so desire to take over and conduct in the name of the Insured and the Reinsured at their own expense and for their own benefit any claim for indemnity or damages or otherwise against any Persons and shall have full discretion in the conduct of any proceedings and in the settlement of any claim and the Insured shall give all such information and assistance as the Insurers may require
4. The Reinsured shall give Reinsurers written notice as soon as reasonably practicable of any claim notified to the Reinsured or of the Reinsured being notified of any circumstances which could give rise to such a claim
5. The Reinsured shall furnish the Reinsurers with all information known to the Reinsured in respect of such claim or claims and shall keep the Reinsurers fully informed as regards all developments relating thereto as soon as reasonably practicable
6. The Reinsured shall co-operate with the Reinsurers or any other persons designated by the Reinsurers in the investigation, adjustment and settlement of such claim notified to Reinsurers hereon
7. The Reinsured is not to admit liability or settle the loss or agree any compromise without the prior approval of Reinsurers
8. The Insured shall take all reasonable precautions to prevent Nuclear Damage
9. In the event of an occurrence then the aggregate liability of the Insurers under this Policy shall not exceed NTD4,200,000,000.

PROVIDED THAT the liability of each of the Reinsurers individually in respect of the indemnity hereby granted shall be limited to the proportion set against its name or such other proportion as may be substituted therefor by memorandum hereon or attached hereto signed by or on behalf of the Reinsurers