

General Conditions of Insurance Capital Goods Credit Insurance 2000 (GCI Capital Goods 2000 / Version 2008)

NONCOMMITTAL TRANSLATION

Note: Only the German original shall be legally binding

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§ 5 Loss minimization

1. The Insured agrees, at his own expense, to use all due and reasonable care to ensure that losses are prevented or minimized and will thereby take all appropriate action, will implement instructions given by the Insurer, will make the best use of any security interests he may hold and obtain the consent of the Insurer before concluding any settlement with the Buyer in respect of payments.

This duty to minimize any loss remains in force after indemnification by the Insurer.

2. The Insured hereby authorizes the Insurer to enter into agreements on his behalf with any of his insured Buyers to protect the insured receivables in order to prevent or minimize the risk of loss.

§ 6 Obligations of the Insured

1. The Insured must notify the Insurer of any circumstances known to him when applying for insurance cover which are material for the obtainment of cover and especially for the assessment of the creditworthiness of the Buyer or any other persons liable for payment.

2. In the application for Credit Limit, the Insured must inform the Insurer whether, during the 6 months preceding the request

a) receivables remained unpaid or were not paid on the due date, or

b) bills of exchange were prolonged beyond the original due date, or

c) cheques, bills of exchange or direct debits were not honoured for lack of funds, or

d) the Insured received any adverse information concerning the Buyer's

financial situation or his ability to pay.

3. Following the submission of the Credit Limit request, the Insured must notify the Insurer immediately by telephone, in writing or by telefax or e-mail on the occurrence of any of the events listed under Par. 2 b) - d) above. Notification of overdues by the Insured is to be made no later than the date stipulated in the Schedule.

4. If the Insurer sets a Credit Limit for a Buyer, the Insured must inform the Insurer of each and every non-payment of a insured account due from this Buyer as soon as the notification period for overdues specified in the Schedule is exceeded (Overdue Report). The notification period begins on the day on which the credit period agreed with the Buyer expires. If the Insured fails to notify the Insurer of overdues, the insurance cover for the account concerned may be jeopardized (cf. § 13GCI).

5. Any change in the terms of payment, conditions of sale or agreements on security instruments must be notified and may lead without written consent from the Insurer to cancellation of cover (cf. § 13 GCI).

6. The Insured must immediately notify the Insurer in writing, by telephone or by telefax or e-mail of the imminent or actual insolvency of any of his Buyers.

7. The Insured will provide all information and any documents which the Insurer deems necessary for the verification of the loss and the ascertainment of the amount of the loss.

8. The Insured agrees to give the Insurer the right to examine any documents material to the policy and to make or require to be made copies thereof.

9. The Insured agrees to comply with the provisions of Par. 7 and 8 above after indemnification by the Insurer.

10. The Insured will treat all information received from the Insurer concerning the creditworthiness of any of his Buyers or of third parties in the strictest confidence. The Insured further undertakes to protect the Insurer from any claims of third parties which may arise through confidential information becoming known to such third parties through wilful or negligent disregard of this confidentiality on the part of the Insured.

11. If the Insured fails to comply with any of the obligations, the insurance cover may be jeopardized (cf. § 13 GCI).

§ 7 Premium

1. Details of the premium are given in the Schedule. It will be calculated on the basis of the insured account and the credit period agreed and invoiced as a one-off payment in advance at the time of issuing the Credit Limit Notification.

2. Premium, together with statutory insurance premium tax, is payable immediately on receipt of the invoice.

3. In the case that the credit period is prolonged, an additional premium amount will be calculated based on the amount prolonged for each month of the prolongation at the time consent is received from the Insurer.

4. The Insured guarantees to pay to the Insurer in every case the Minimum Annual Premium stipulated in the Schedule.

5. If the first premium is not paid on time, the Insurer is entitled to rescind the insurance contract as long as the payment is not made. Until the first premium is paid, the Insurer is freed from its obligation to indemnify.

Any other questions relating to premiums shall be regulated as provided in the German Insurance Contract Law (VVG §§ 37 - 39).

If the insurance contract is rescinded, the Insured is liable to pay an administration fee amounting to 25 % of the Minimum Annual Premium.

6. If an insured account is paid before the expiry of the agreed credit period, a pro rata premium refund will be paid - subject to the Minimum Annual Premium - for the premium calculated in respect to the instalments for the part of the credit period not utilised. This is calculated from the point at which the Insurer learned that the insurable interest had ceased to exist.

7. The Insured is only entitled to set off a premium amount due against a claim or to make use of any legal rights he may have to retain a payment to the Insurer if and when the claim has been duly recognized by the Insurer or has been finally proven by a court of law.

§ 8 Insured Event

1. An insured event is deemed to have occurred on the date when the insured receivables become uncollectable.

Receivables are only deemed to be uncollectable when:

a) the instalment of the insured receivables due have not been paid in whole or in part within the period defined below (protracted default) and the collection procedure agreed in the following has been observed.

Protracted default is deemed to be an insured event only if the Insured has concluded a contract for debt collection services with Euler Hermes Collections GmbH (hereinafter Euler Hermes Collections) and has placed a collection order with Euler

Hermes Collections at his own expense no later than two months after the original due date.

If the Insured fails to place a collection order or does not do so within the period stipulated above, a claim may only be made when one of the insured events listed under Par. 1 b) - f) below occurs.

or

b) court insolvency proceedings have been opened or proceedings have been rejected by the court for lack of sufficient assets, or

c) the insolvency court has formally noted that a plan for the repayment of creditors in a personal insolvency has been accepted, or

d) all the buyer's creditors generally have agreed to a composition or other out-of-court settlement, or

e) the execution of a judgement title in respect of the Buyer's assets obtained by the Insured has failed to satisfy the debt in whole or in part, or

f) any event has occurred with respect to a buyer domiciled abroad which by any other system of law is substantially equivalent to any of the above.

2. Insolvency is deemed to have occurred on the date when in case

a) above the period stipulated in the Schedule for protracted default has expired,

b) and c) the court order was passed

d) all the Buyer's creditors generally agreed to the settlement,

e) the competent authority confirmed in writing the failure of the execution to satisfy the debt,

f) the day on which the equivalent event under the system of law applicable occurred.

3. An Insured Event is also deemed to have occurred in the case that, following the delivery of the capital goods and/or such under contracts for work and services, insolvency of the Buyer appears imminent due to deterioration of his creditworthiness and the goods delivered have been reclaimed by the Insured and, with the consent of the Insurer, have been sold at the best price realizable elsewhere, and the proceeds of the sale are still lower than the receivables due from the original buyer. The Insured Event here is deemed to have occurred on the date on which the loss due to the sale of the goods at a lower price is ascertained.

§ 9 Payment of claims / Ascertainment of loss

1. The Insurer will pay a claim within the period stipulated in the Schedule if and when an Insured Event has occurred, the required documentation has been submitted and the final insured loss has been ascertained. In the case of protracted default the basis for the loss settlement is the instalment due.

If the amount of the loss has not been definitely established by the expiry of the period stipulated in the schedule, the Insurer will make a provisional loss settlement. In this connection the Insurer will estimate the amounts which are deductible in so far as these amounts have not yet been established.

2. In ascertaining the insured loss, the amount due at the time of the Insured Event will be reduced by the following in the order of their appearance here:

a) the credit costs for the still remaining part of the agreed credit period from the date at which the insured event occurred,

b) the following reductions

- proceeds from the sale of the capital goods and/or materials delivered after deducting the costs of sale incurred, subject to a minimum corresponding to the minimum acceptable value calculated on the original insured account and stipulated in the Schedule. Deduction of the minimum acceptable value is not permissible in the case of customized goods or in cases in which the Insured is precluded by legal restrictions from taking possession of the capital goods and/or materials delivered for the purpose of realizing proceeds.
- rights of set-off
- payments recovered and proceeds from the realization of any other rights or security interests
- dividends in liquidation.

These reductions will be set off in the amount remaining after deduction of the insolvency administrator's realization and ascertainment costs.

If it is not possible to establish whether the reductions mentioned above are in respect of insured or uninsured accounts, they will be set off against the loss in the proportion of insured and uninsured receivables.

3. Any payments recovered or the proceeds from relevant sales of goods received by the Insured after occurrence of the Insured Event must be notified immediately to the Insurer. The Insurer will then make a revised loss settlement where appropriate.

If it is not possible to establish whether the reductions mentioned above refer to insured or uninsured accounts, they will be set off against the loss in the proportion of insured to uninsured receivables.

4. The Insured must submit a claim for indemnification within 6 months of learning of the occurrence of an Insured Event. Claims submitted later than this will not be indemnified.

§ 10 Uninsured Percentage

1. The Insured shall retain for his own account the percentage stipulated in the Schedule of each insured loss ascertained according to § 9 GCI, unless a different percentage has been specified in the Credit Limit Notification.

2. The uninsured percentage to be retained for his own account by the Insured may not be insured elsewhere or otherwise covered by any form of protection. If the Insured has insured the amount which he agreed to retain for his own account elsewhere, the Insurer reserves the right to deduct an amount equivalent to the Insured's claim against the other insurer from its claims payment.

§ 11 Subrogation after indemnification

The Insurer will be subrogated to any legal rights and remedies the Insured has against his Buyer or third parties up to the amount indemnified. The Insured agrees to undertake all necessary actions for the transfer of such rights at the request of the Insurer.

The Insured's obligations under § 6 Par. 7 and 8 GCI remain in force after the transfer of all rights and remedies in respect of the receivables, claims and any other such legal rights.

§ 12 Assignment of the right to payment of a claim

Assignment of the right to payment of a claim under this policy is only admissible with prior written consent from the Insurer. Any legal remedies available to the Insurer, as well as the right of set-off, shall also be valid against the assignees. The amount of the indemnification will however only be ascertained in consultation with the Insured.

§ 13 Failure of the Insured to comply with his obligations

1. The Insurer is released from its liability to indemnify a claim in respect of an insured single risk, without it being necessary to cancel the policy, if the Insured fails to comply with any of his legal or contractual obligations regarding the respective insured single risk and if the Insured can be held responsible for such non-fulfilment. This does however not apply if the non-fulfilment has had no effect either on the verification or the occurrence of the Insured Event or the ascertainment or the amount of the indemnification to be paid by the Insurer.

2. The Insurer is released from its liability to indemnify a claim if the Insured fails to inform the Insurer about the deterioration of a risk and if the Insured can be held responsible for such non-fulfilment and if the Insured Event occurs after the date this information should have been received. The Insurer remains liable to indemnify a claim if the Insurer knew of the deterioration of the risk at the date this information should have been received or if the deterioration of the risk has had no effect either on the occurrence of the Insured Event or the amount of the indemnification to be paid by the Insurer.

3. The obligation to apply for credit limits (§ 3 GCI) and the duty to notify to the Insurer the details necessary for the calculation of premium (§ 7 Par. 1 GCI) are contractual obligations which must be fulfilled by the Insured. If the Insured fails to comply with one of these contractual obligations and if the Insured can be held responsible for such non-fulfilment the Insurer is released from its liability to indemnify a claim, without it being necessary to cancel the policy.

§ 14 Policy currency

The policy currency is that specified in the Schedule. Invoices denominated in currencies other than the policy currency will be converted at the rate of exchange used by the European Central Bank on the day the delivery was effected.

The rate of exchange used by the European Central Bank on the day the Insured Event occurred will be used in calculating the amount of indemnification, subject to this not being higher than that of the day when delivery was effected. Recoveries are to be converted at the rate of exchange used on the day payment is received.

Currencies which are not officially quoted will be converted at the rate fixed as the mean rate of exchange by the Deutsche Bundesbank or alternatively by the European Central Bank on the dates stipulated above.

§ 15 Policy period / Cancellation of policy

1. The policy period is that stipulated in the Schedule. The policy will be renewed from one insurance year to the next unless written notice of cancellation from either of the parties is given by recorded delivery 2 months before the renewal date.

2. The policy automatically expires on the occurrence of any of the events listed under § 8 Par. 1 b) - e) GCI with respect to the Insured. This provision does however not apply in the case that court insolvency proceedings have been opened concerning the assets of the Insured. The Insurer's right to payment of the agreed Minimum Annual Premium on a pro rata temporis basis is unaffected by this.

§ 16 Final provisions

1. In addition to the contractual provisions, this policy is to be governed and construed in all aspects according to the Laws of the Federal Republic of Germany, and in particular the German Insurance Contract Law, unless any other agreement has been fixed in writing. This contract is concluded as a "current insurance" (in German: "laufende Versicherung") within the meaning of § 53 Insurance Contract Law (in German: "VVG").

2. Place of performance and of jurisdiction shall be Hamburg in the case of companies and merchants (Kaufleute as defined by the German Commercial Code (HGB)).