

General Conditions of Insurance Commercial Credit Insurance-M GCI Commercial Credit-M 2007 (version 2008) 2

NONCOMMITTAL TRANSLATION

Note: Only the German original shall be legally binding

Contents	§ 1 The insured receivables	2. When do the receivables have to be due at the latest?
§ 1 The insured receivables	1. What receivables are insured?	Only receivables with a due date no later than 180 days after delivery or performance are insured. If you maintain commission stocks, this period starts when the goods are lawfully withdrawn from stock.
§ 2 The insured buyer	We will indemnify you for losses due to bad debts in respect of legally valid and undisputed receivables for goods delivered, work done and services performed by you at the earliest 90 days before the inception of the Policy.	You are entitled to prolong the due date originally agreed with your buyer at the time of delivery or performance or of removal of goods from commission stocks by a maximum of 60 days subject to the maximum due date of 180 days. Receivables for which you agreed an extension of the due date longer than 60 days with your buyer are not insured.
§ 3 The collection order	The following are not insured:	3. When does cover commence?
§ 4 The insured events	- value added tax, costs for legal action to collect the debt, interest, contractual penalties, liability for damages and exchange rate losses,	Cover commences as soon as you have delivered the goods or performed the services agreed. If you maintain commission stocks, cover commences when the goods are lawfully withdrawn from stock.
§ 5 Calculation of the insured loss	- accounts or parts of accounts secured by a bank guarantee,	
§ 6 The scope of cover	- receivables resulting from deliveries of goods and performance of services where there has been a failure to obtain any documents or authorizations required or from the delivery of goods whose importation into the country of destination contravenes any regulations in force or the export of which contravenes any regulations existing in the Federal Republic of Germany,	
§ 7 Subrogation	- receivables arising out of any permitting the use of goods or surrender of the use and benefit (e.g. letting, renting, leasing or licensing),	
§ 8 The policyholder's obligations	- receivables with an energy tax component,	
§ 9 The premium	- receivables due from a buyer which do not exceed in total the amount of 500 EUR gross ("Non-qualifying Loss") at the time when the collection order is placed. In cases where it has been agreed not to place a collection order (§ 3.2 GCI) the time when the ruling according to the non-qualifying loss will be applied is when the insured event according to § 4 1.2 or 1.3 GCI occurs.	
§ 10 Final provisions		

2. How can you get cover for receivables due from a buyer?

2.1. You apply to us for the credit limit you need on the buyer concerned. The amount insured is that of the credit limit on that buyer which we notify to you in written form.

2.2. Up to an amount of 25,000 EUR, we provide a discretionary cover facility within which you may decide the amount of credit to grant to a buyer by yourself if we have not set a credit limit on the buyer.

A buyer is insured under the discretionary facility if and when, in the 12 months preceding delivery or performance:

a) you twice delivered goods to the buyer or performed services for him and he paid for them within 90 days of the original due date and

b) you received no notification from us that receivables for future deliveries of goods or performance of services for this buyer are no longer insured.

Cover under the discretionary facility is restricted to buyers domiciled in Australia, Austria, Belgium, Bulgaria, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Luxemburg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom, USA.

3. What receivables are covered under the credit limit / the discretionary facility?

Receivables are insured in the chronological order in which they accrued.

Receivables in excess of the credit limit can come under cover if and to the extent that a corresponding amount of cover for them becomes free within the limit due to the payment of insured accounts. Cheques

and bills of exchange are only deemed to be paid when honoured.

If cover is terminated according to § 2.4 GCI, no further receivables can come under cover.

4. When does cover end? Can cover be reduced?

4.1. If the risk deteriorates or for other material reasons we can reduce or cancel cover on a buyer or on all the buyers in a specified country.

4.2. Cover is cancelled for receivables due from a buyer for future deliveries of goods or performance of services ("automatic cancellation of cover"),

a) if and when an account has not been paid 90 days after the original due date or

b) 30 days after it is established that payment of an account was wrongly disputed, if the receivables were not paid during this period and 90 days have already passed since the original due date or

c) 30 days after cheques, bills of exchange or direct debits were dishonoured, if the receivables were not paid during this period or

d) when a collection order is placed according to § 3.1 GCI or

e) when an insured event occurs or

f) when the policy is terminated.

To the extent that cover has not already been cancelled by us and the cases described under e) and f) have not occurred, it will be reinstated on the buyer concerned when all due accounts have been paid.

§ 3 The collection order

1. When do I have to place a collection order and who with?

An insured event according to § 4.1 GCI only occurs if and when you place an order with Euler Hermes Collections GmbH to collect your unpaid insured receivables when one of the following events occurs and at the latest on the expiry of one of the following periods:

a) 90 days after the original due date. If the account in question consists of different parts, the part which falls due first determines the time when you have to place the order with Euler Hermes Collections GmbH.

b) 30 days after it is established that payment of an account was wrongly disputed, if the receivables were not paid during this period and 90 days have already passed since the original due date.

c) 30 days after cheques, bills of exchange or direct debits were dishonoured, if the receivables were not paid during this period.

When placing the order, all the outstanding receivables due from a buyer should be declared.

2. When is it not necessary to place a collection order?

You do not need to place an order with Euler Hermes Collections GmbH to collect your unpaid insured receivables when

a) a petition for the opening of court insolvency proceedings has already been filed or

b) insolvency of the buyer as defined under § 4.1.2 or 1.3 GCI has already occurred before the expiry of one of the periods agreed in Par. 1 above before receivables must be placed for collection.

§ 4 The insured events

1. When does an insured event occur?

An insured event occurs when the buyer is insolvent.
 The buyer is deemed to be insolvent when:

1.1. an insured account has not been paid in whole or in part within the waiting period ("protracted default"). The waiting period begins on receipt of the collection order by Euler Hermes Collections GmbH.

The waiting period is

a) in the case of buyers domiciled in one of the member states of the EU, Australia, Canada, Japan, Norway, Switzerland and the USA, 60 days,

b) in the case of buyers domiciled in other countries, 210 days.

or

1.2. court insolvency proceedings have been opened or proceedings have been rejected by the court for lack of sufficient assets or the insolvency court has formally noted that a plan for the repayment of creditors in a personal insolvency has been accepted, or 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.

or

1.3. all the buyer's creditors generally have agreed to a composition or other out-of-court settlement.

2. What insured events are excluded from cover?

2.1. Insured events which are in whole or in part attributable to war, hostilities, civil commotion, riots, revolution, strike, confiscation, obstruction of the traffic of goods and the transfer of payments by public authorities or state institutions, natural disasters or the direct or indirect effects of nuclear energy.

2.2. Insured events which occurred prior to the inception of the

Policy or subsequent to the expiry of the Policy.

§ 5 Calculation of the insured loss

How is the insured loss calculated?

The basis for calculating your insured loss is your outstanding insured receivables due from the buyer at the time the insured event occurs. The insured loss is calculated as follows:

1. All receivables which are eligible for setoff, payments and other proceeds are first of all set off against the costs which are charged to the buyer as a claim for late payment by Euler Hermes Collections GmbH.

2. Any receivables which are eligible for setoff, payments and other proceeds in excess of these will be handled as follows:

2.1. Amounts received after cancellation of cover according to § 2.4 GCI will be allocated without exception to the oldest outstanding unpaid accounts, irrespective of any other contractually or legally determined stipulation of allocation.

2.2. Amounts received after the occurrence of the insured event will be handled as follows:

a) To the extent that the amounts received can be allocated to an identifiable account, they will be set off against that account.

b) If it is not possible to establish whether such amounts refer to insured or uninsured accounts, they will be set off in the proportion of insured to uninsured receivables at the time of occurrence of the insured event.

§ 6 The scope of cover

1. How high is the cover per insured buyer?

80 % of every insured loss is covered ("the insured percentage"), unless a lower percentage has been fixed in the credit limit notification on a case-by-case basis.

2. How high is the maximum indemnification in one insurance year?

The amount we indemnify for all the losses in any one insurance year is a maximum of 25 times the premium paid in the same insurance year.

§ 7 Subrogation

You assign to us in advance all legal rights and remedies and any secondary rights against the buyer or third parties up to the amount indemnified.

§ 8 The policyholder's obligations

1. What further duties and obligations do you have to observe?

1.1. You agree, at your own expense, to use all due and reasonable care expected of a diligent businessman to ensure that losses are prevented or minimized, and to take all appropriate action in this connection including making the best use of any security interests you may hold. You agree to implement any instructions we may give you and obtain our consent before concluding any settlement or agreement with the buyer in respect of payments which goes beyond the extension of due date described in the second paragraph of § 1.2 GCI.

1.2. You agree to give us the information and provide us with the documents we need to verify the insured event and to establish the amount of any loss.

2. What consequences can it have if you fail to observe your duties and obligations?

We are released from our liability to indemnify a claim in respect of an insured single risk, without it being necessary to cancel the policy, if you fail to comply with any of your legal or contractual obligations regarding the respective insured single risk and if you 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 event of loss or the ascertainment or the amount of the indemnification to be paid by us.

§ 9 The premium

1. How is the premium calculated and what is it based on?

The amount of the premium and the basis for calculating it can be seen from the Conditions Sheet.

The premium is payable plus statutory insurance tax.

2. When must the premium be paid?

Premium is payable quarterly in advance.

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

Any other questions relating to premiums are regulated as provided in the German Insurance Contract Law (VVG §§ 37 - 39). If the insurance contract is rescinded, you are liable to pay an administration fee amounting to 25 % of the agreed Annual Premium.

§ 10 Final provisions

1. The policy currency is the euro. For the purpose of ascertaining the amount of receivables, invoices denominated in other currencies will be converted into the policy currency

at the reference rate of the European Central Bank on the date of delivery or performance.

The rate of exchange of 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 date of delivery or performance. 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.

2. Assignment of the right to payment of a claim under this policy is only admissible with our prior written consent. An assignment made without obtaining our consent is nevertheless legally effective according to § 354a of the German Commercial Code (HGB); notwithstanding, we retain the right to pay the claim to you in full discharge of our liability.

Any legal remedies available to us, as well as the right of set-off, shall also be valid against the assignees. Any correspondence in respect of the claims assessment and payment will however be carried out only with you.

3. We have the right, but are not obliged, to enter into agreements on your behalf with any of your insured buyers to protect the insured receivables in order to prevent or minimize the risk of loss.

4. We have the right to examine any of your documents which are material to this policy or to authorize an agent to do so and to make copies or require copies to be made of them.

5. We have the right to set off all amounts due from you to our sub-

sidaries Euler Hermes Forderungsmanagement GmbH and Euler Hermes Collections GmbH against your claims for payment against us. We similarly have the right to set off amounts due to us from you against claims for payment you have against our subsidiaries Euler Hermes Forderungsmanagement GmbH and Euler Hermes Collections GmbH.

6. Alterations or modifications of the policy are only valid if we have confirmed them in writing. Notification by fax or computer-generated letter without a signature is deemed to be equivalent to confirmation in writing. Verbal supplementary agreements are invalid.

7. The policy is automatically terminated as soon as one of the events described under § 4.1.2 or 1.3 GCI occurs with respect to you. This rule does not apply, however, in the case that insolvency proceedings have been opened in respect of your assets. Our right to payment of the agreed Annual Premium respectively the Minimum Annual Premium on a pro rata temporis basis is unaffected by this.

8. In addition to the contractual provisions, this policy is to be governed and construed in all respects 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").

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