

Agreement

Governing Reciprocal Reinsurance Obligations

This Agreement is made between:

- **Export Guarantee and Insurance Corporation**, Vodičkova 34, Prague 1, Czech Republic (hereinafter called EGAP) and

- [REDACTED]

Article I - Purpose of the Agreement

1) This agreement has, as its purpose, the governing of the reciprocal arrangements between EGAP and [REDACTED] in a case where:

- a) companies carrying on business severally in the Czech Republic and in [REDACTED] have entered into export contracts ("Supply Contracts") for the Supply of Goods and Services to a buyer established in a country other than the Czech Republic and [REDACTED] ("the Buyer");
- b) a supplier or bank has requested that credit insurance facilities be provided by one Credit Insurer for the financing of all of the said Goods and Services; and
- c) a Credit Insurer is prepared to cover the Supply Contracts and/or the related loan agreements provided that the other Credit Insurer reinsures the Supply Contract and/or the related loan agreements relating to Goods and Services supplied from the country of that other Credit Insurer.
- d) support for such export contract is being provided on terms which conform with the OECD-Arrangements on Guidelines for Officially Supported Export Credits.

2) It is agreed that the final decision on the provision of reinsurance in respect of any particular contract will be taken on a case by case basis.

3) For the sake of clarification, it is not intended that this Agreement should be utilised where the insurer is providing Insurance in respect of a supply contract where the main contractor has an "if and when" relationship with its sub-contractor(s) in the country of the Reinsurer.

Article II - Definitions

For the purpose of this Agreement the following expressions shall have the following meanings:

Business Day	means a day when both of the Credit Insurers are open for business.
Credit Insurers	means EGAP and [REDACTED], and "Credit Insurer" means either of the same.
Final Proposal Form	means a form as set out in Appendix D or such other form as may be agreed between the parties.
Final Response Form	means a form as set out in Appendix E or such other form as may be agreed between the parties.
Goods and/or services	means the goods and/or services sourced from the Czech Republic or [REDACTED] and also the foreign and local goods and/or services which are covered under the Policy.
Guarantee/Policy Issued Form	means a form as set out in Appendix F or such other form as may agreed the parties.
Insured	means the exporter of financial institution which will obtain a Policy by the Insurer.
Insurer	means that Credit Insurer which both parties agree will provide the Policy
Policy	means an insurance policy issued by the Insurer, a portion of which is reinsured with the Reinsurer.
Preliminary Proposal Form	means a form set out in Appendix A or such other form as may be agreed between the parties.

Preliminary Response Form	means a form as set out in Appendix C or such other form as may be agreed between the parties.
Reinsurance Percentage	means the value of the Goods and/or Services insured in relation to the country of the Reinsurer as a percentage of the aggregate value of the Goods and/or Services insured in the manner set out in Appendix B.
Reinsurer	the Credit Insurer providing reinsurance to the Insurer in respect of a particular transaction.

- a) Where the context of this Agreement so allows words importing the singular include the plural and vice versa.
- b) Article headings are for ease of reference only and do not form part of this Agreement.

Article III - Facilities to which this Agreement applies

The facilities provided by EGAP and [REDACTED] to which this Agreement applies are set out in Annexes 1 and 2 to this Agreement respectively. Either Credit Insurer will notify the other when amending any of its facilities, and the relevant Annex shall be amended accordingly.

Article IV - Approval procedure

The procedures for operating this agreement are regulated in Annex 3. The procedures can be changed at any time by written consent of both parties.

Article V – Reinsurance Percentage/Third Country Parts

The Reinsurance Percentage is calculated according to the proportion of the Czech and the [REDACTED] origin of the Goods and/or Services.

Third country parts as well as local cost shall normally be shared between the Insurer and the Reinsurer according to the Reinsurance Percentage (examples 1 and 2 in Appendix B).

If, however, the third country parts solely relate to either the Czech or the [REDACTED] portion either party may propose a different calculation (example 3 in Appendix B).

Article VI – Obligations of the Reinsurer

1. The Reinsurer agrees to reinsure to the extent of the relevant Reinsurance Percentage the Policy issued by the Insurer in the terms described in an accepted Final Proposal Form.
2. The Reinsurer, relying on the information provided by the Insurer in Annex 1 or 2 of this Agreement, as the case may be, and the Preliminary Proposal Form and Final Proposal Form agrees to the text of the Insurer's documents without reservation.
3. The Reinsurer agrees to pay to the Insurer a sum equal to that proportion of any claim paid or to be paid by the Insurer on the relevant Policy which the Reinsurance Percentage bears to the value of that Policy, such payment to be made not more than 30 Business Days after the date on which the Insurer gives notice that he has paid a claim.
Should the manufacturing risk be reinsured, the Reinsurance Percentage shall also apply to a loss resulting therefrom, notwithstanding to which part of the Supply Contract the costs to be indemnified have occurred.
4. The Reinsurer undertakes to consult the Insurer about any problem of which he becomes aware and which may affect performance of the Supply Contract or related loan agreements.

Article VII – Obligations of the Insurer

1. The Insurer agrees to notify the Reinsurer of, and immediately to consult with the Reinsurer about, an amendment to the clauses, terms, scope or nature of the export credit transaction or of the contractual arrangements relating thereto which could affect the nature of the risks covered by the Policy.
2. The Insurer agrees to consult the Reinsurer before deciding as sole judge in the last resort what preventive measures to take or what instructions to give to its insured party if an event has occurred which may affect the nature and/or size of the risks covered or lead to a loss.
3. The Insurer agrees to pay to the Reinsurer a sum equal to that proportion of any recovery made and retained by the Insurer after payment of a claim which the Reinsurance Percentage bears to the value of the Policy, such payment to be made within 30 Business Days of the date on which the Insurer makes such recovery.
4. The Insurer agrees to supply to the Reinsurer on demand copies of all the documents in its possession relating to the transaction.
5. The Insurer agrees to consult the Reinsurer if he wishes to sell or write off a claim.

Article VIII – Premium

[REDACTED]

[REDACTED]

a)

[REDACTED]

1. If any refund of premium is made to the Insured by the Insurer in accordance with the terms of a Policy, the Reinsurer agreed to refund to the Insurer on demand an equivalent amount of the collected premium. It is agreed that the Insurer's remuneration should not be reduced thereby.

Article IX - Change in Sourcing

If, after the Reinsurer has accepted the Final Proposal Form, the sourcing of the Goods and Services to be supplied under the Supply Contract is changed [REDACTED], the Insurer shall inform the Reinsurer and either party may seek to adjust the Reinsurance Percentage. Where so agreed, an appropriate adjustment will be made of the sums owed reciprocally by the Insurer and the Reinsurer by way of premiums, claims and shares in the costs involved in obtaining recoveries or in reducing or avoiding loss.

Article X – Recovery and Dispute Expenses

The Insurer shall consult with the Reinsurer before engaging recovery expenses of a total exceeding [REDACTED] whichever is lower. The Reinsurer agrees to pay to the Insurer a Reinsurance Percentage of any recovery or dispute expenses incurred by the Insurer according to his policies within 30 Business Days following the date on which it is advised that the Insurer has incurred such expenses.

Article XI - Debt Rescheduling


In the event of a request for debt rescheduling from the buyer/borrower's country, the Insurer and Reinsurer shall consult as to how to resolve any problems that may arise by such a request.

However, the final decision will be taken by the Insurer.

Article XII – Currency

Unless otherwise agreed all the payments to be made by virtue of this Agreement will be made in the currency used by the Insurer for the transaction.

Article XIII – Law and Arbitration

1. In relation to the transactions to which it applies this Agreement shall in each case be governed by the law of the country of the Insurer.
2. The parties hereto will use their best endeavours to resolve by consultation between them any dispute arising from this agreement.
3. Any dispute not so resolved shall be settled in accordance with the rules of consultation and arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with those rules.
4. The place of the arbitration will be .

Article XIV - Withdrawal and Review

Either of the parties hereto will have the right to withdraw from this agreement by notifying its withdrawal to the other in writing. Such a withdrawal will not affect any commitments assumed prior to such notification. At any time either party may seek a review of procedures under this Agreement.

Article XV - Official Language/Entry into Force

This Agreement is drawn up in two originals in English, one for each party.

The Agreement shall enter into force on the day following its signing by the representative of that Credit Insurer who is the last to complete this formality.

(Signed)

(Signed)

EGAP



Date: June 13, 2001

Date: 

ANNEX 1

GENERAL OVERVIEW OF EGAP's INSURANCE FACILITIES

FACILITY	PERCENTAGE OF COVER (maximum)		RISKS COVERED	INSURED	CLAIMS WAITING PERIOD	COMMENTS
	Commercial risk	Political Risk				
Product "C" Supplier Credit Insurance	90 %	90 %	Percentage of cover is the same for political and commercial risk. This policy covers non-payment of a loan extended by the exporter to a foreign buyer caused by political and/or commercial risks. Political risk are: war, civil war, revolution, uprising, civil unrest, natural disasters etc., inability to transfer the payment as a result of acts of the government of the Debtor's country or any other third country. Commercial risk is the risk of insolvency or protracted default of the private debtor.	Exporter	180 days	Cover in Czech crowns, supplementary insurance against exchange-rate risk is possible so the claim is paid at the rate valid at the date of the payment. The cover applies to the contractual credit amount, including interest stipulated in the credit contract and interest during the waiting period.

FACILITY	PERCENTAGE OF COVER (maximum)		RISKS COVERED	INSURED	CLAIMS WAITING PERIOD	COMMENTS
	Commercial risk	Political Risk				
Product "D" Buyer Credit Insurance	95 %	95 %	Percentage of cover is the same for political and commercial risk. This policy covers non-payment of a loan extended by a bank to a foreign buyer caused by political and/or commercial risks. Political risk are: war, civil war, revolution, uprising, civil unrest, natural disasters etc., inability to transfer the payment as a result of acts of the government of the Debtor's country or any other third country. Commercial risk is the risk of insolvency or protracted default of the private debtor.	Financing	180 days	Cover in Czech crowns, supplementary insurance against exchange-rate risk is possible so the claim is paid at the rate valid at the date of the indemnification payment. The cover applies to the contractual credit amount, including interest stipulated in the credit contract and interest in the waiting period.
Product "V" Manufacturing Risk Insurance	85%	85%	Percentage of cover is the same for political and commercial risk. This policy covers general inability of the Importer to pay his due obligations and breach of the Export Contract from the side of the Importer. Political risk are: war, civil war, revolution, uprising, civil unrest, natural disasters etc., inability to transfer the payment as a result of acts of the government of the Debtor's country or any other third country. Commercial risk is the risk of insolvency or protracted default of the private debtor.	Exporter	180 days	Cover in Czech crowns.

FACILITY	PERCENTAGE OF COVER (maximum)		RISKS COVERED	INSURED	CLAIMS WAITING PERIOD	COMMENTS
	Commer cial risk	Political Risk				
Product "Z" Insurance of Fair and Unfair Calling of Export Related Bonds			This policy covers the fair and unfair calling of bid bonds, advance payment bonds and performance bonds issued by the banks.	Banks	90 days for unfair calling of the bonds, 30 days for fair calling in case the bankruptcy proceedings were initiated by the Czech exporter, in all other cases of fair calling 90 days.	Cover in Czech crowns.
<i>Unfair calling of bid bonds, advance payment bonds and performance bonds</i>	<u>95%</u>	<u>95%</u>	Fair calling is not subject to reinsurance of [REDACTED].			
<i>Fair calling of bid bonds and advance payment bonds</i>	<u>90%</u>	<u>90%</u>				
<i>Fair calling of performance bonds</i>	<u>80%</u>					

ANNEX 2

I.

Details of [REDACTED] Facilities

Facility: export guarantees for

- a) supplier credits
- b) buyer credits

Insured:

- a) exporter
- b) bank

Risk covered: normally both

commercial and political risks (the later including protracted default of public buyers)

Percentage of cover: commercial risks 70 – 95 %

Political risks 95 – 100 %

Claims: [REDACTED] *indemnifies in case of a commercial fact, i.e.*

- non-payment of a private buyer, or
- insolvency of a private buyer, or
- impossibility of performance by the insured owing to circumstances he is not responsible for and which have occurred abroad (including the preshipment risk in case of supplier credits to private buyers)

or in case of a political fact i.e.

- war, warlike events, rebellion or revolution
- transfer delays or non-payment of a public buyer
- impossibility of performance owing to other political events (including the pre-shipment risk in case of supplier credits to public buyers).

Waiting period:

- a) 3 months (except in case of insolvency)
<interest thereon to be refunded>
- b) 6 months in case of a loss during production

II.

Facility: export guarantees for bonds

Insured: export or bank

Risk covered: political risks;
(sometimes commercial risks)

Percentage of cover: political risks 95 – 100 %
(commercial risks 70 – 95 %)

Claims:  indemnifies

- in case of unfair calling of a bond including insolvency of the buyer (commercial fact)

or

- in case of calling of a bond for direct or indirect political reasons (political fact).

ANNEX 3

Agreed Protocol on Procedure

Section 1

EGAP and [REDACTED] have concluded an Agreement governing Reinsurance Obligations.

This protocol handles procedural matters relating to the said Agreement and forms an integral part of the Agreement.

Section 2 Definitions

Any expression defined in Article 2 of the Agreement shall have the same meaning when used in this Annex.

Section 3 Application

- a) As soon as one of the Credit Insurers has received an application to which the Agreement may apply he shall make a request to the other Credit Insurer by completing a Preliminary Proposal Form and sending the same to that other Credit Insurer.
- b) Upon receiving a Preliminary Proposal Form the recipient Credit Insurer shall respond thereto by completing and returning to the other Credit Insurer a Preliminary Response Form within 10 business days following receipt of the Preliminary Proposal Form. When the Reinsurer has reason to differ from the Insurer's proposals, discussions will be held in a positive atmosphere as regards the right of the Reinsurer to charge a higher premium or impose other conditions.

Section 4 Completion of the Arrangements

- a) When a Credit Insurer wishes to complete such export credit arrangements subject to the terms of this Agreement it shall complete and deliver to the other Credit Insurer a Final Proposal Form.

- b) Upon receiving a Final Proposal Form the recipient Credit Insurer shall accept or reject the same by completing and returning to the other Credit Insurer the appropriate Final Response Form, within 30 business days following receipt of the Final Proposal Form.
- c) As soon as possible after the Policy has been issued the Insurer shall complete a Policy Issued Form and send the same to the Reinsurer.

Section 5 Premium



Section 6 Notification of non-payment

The Insurer shall notify the Reinsurer without delay when he has been informed that an event of loss has occurred (e.g. the debtor has failed to effect payment for a debt covered by the Policy).

Section 7 Indemnification

For the purpose of this section, the Insurer shall supply the Reinsurer with the following information:

- appropriate reference numbers
- the due date and the total amount overdue
- the total claim to be paid by the Insurer
- the Reinsurer's part of the claim paid by the Insurer
- the reason for indemnification (political or commercial event)
- the date of payment of indemnification.

The Reinsurer agrees to pay to the Insurer a proportion of the claim to be paid or paid in accordance with Article VI (3) of the Agreement.

Section 8 Recovery

As soon as possible, in any case not later than 30 Business Days after a recovery has been received, the Insurer shall pay to the Reinsurer his proportionate share of the recovery - net of the Reinsurer's part of recovery expenses if they have not already been paid before.

The Insurer shall supply the Reinsurer with the following information:

- appropriate reference numbers
- the total amount recovered by the Insurers
- the recovery expenses paid by the Insurer
- the Reinsurer's share to the net recovery
- the date of recovery
- applied interest rates
- number of interest days
- exchange rates (if applicable).

Section 9 End of Obligation

The Insurer shall inform the Reinsurer when its obligation under the Policy have ended.

This Agreed Protocol on Procedure has been issued in two originals in the English language, one for each party.

(Signed)

(Signed)

EGAP

■

Date: June 13, 2001

Date: ■

APPENDIX A**PRELIMINARY PROPOSAL FORM**

FROM: [REDACTED]

TO: [REDACTED]

We refer to the Agreement between us dated [REDACTED]

We hereby propose that the following transaction is considered for reinsurance:-

Ref. No.:

Exporter from our country: [REDACTED]

Exporter from your country: [REDACTED]

Their contractual relationship: [REDACTED]

Project: [REDACTED]

Buyer/Country: [REDACTED]

Borrower/Country: [REDACTED]

Guarantor/Security package: [REDACTED]

Contract value: [REDACTED]

Interest: [REDACTED]

Breakdown of supplies: [REDACTED]

Risk period

- manufacturing [REDACTED]

- credit [REDACTED]

Repayment terms: [REDACTED]

Any unusual features of case: [REDACTED]

Type(s) of cover to be given: [REDACTED]

Loan amount: [REDACTED]

Interest: [REDACTED]

Lender(s): [REDACTED]

Estimated insured amount: [REDACTED]

Risk insured/percentage: [REDACTED]

Estimated Reinsured Percentage (show calculation): [REDACTED]

Premium rate: [REDACTED]

Special conditions: [REDACTED]

Comments: [REDACTED]

Signed: [REDACTED]

For: [REDACTED]

Date: [REDACTED]

APPENDIX B

EXAMPLES OF CALCULATION OF REINSURANCE PERCENTAGE

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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APPENDIX C
PRELIMINARY RESPONSE FORM

TO: [REDACTED]

FROM: [REDACTED]

We refer to your Preliminary Proposal Form, Ref. No.

dated [REDACTED]

*(a) We can agree to your proposal in its entirety and look forward to you providing a Final Proposal Form in due course.

*(b) We can agree to your proposal if you are prepared to make the following amendments.

We look forward to receiving your comments and/or a revised Preliminary Proposal Form.

*(c) As Reinsurer I would wish to receive the following premium:

- rate [REDACTED]
- payable on [REDACTED]

*(d) We can not agree to your proposal for this transaction.

Comments [REDACTED]

Signed: [REDACTED]

For: [REDACTED]

Date: [REDACTED]

****Delete if inapplicable***

APPENDIX D FINAL PROPOSAL FORM

From: [REDACTED]

To: [REDACTED]

We refer to the Agreement between us dated... [REDACTED].. and the Preliminary Proposal Form dated... [REDACTED]...Ref. No.:

We hereby propose that the following transaction be reinsured by you on the following terms:

Ref. No:

Exporter from our country: [REDACTED]

Exporter from your country: [REDACTED]

Their contractual relationship: [REDACTED]

Project: [REDACTED]

Buyer/Country: [REDACTED]

Borrower/Country: [REDACTED]

Guarantor/Security package: [REDACTED]

Contract value: [REDACTED]

Interest: [REDACTED]

Breakdown of supplies: [REDACTED]

Risk period:

- manufacturing [REDACTED]

- credit [REDACTED]

Repayment terms: [REDACTED]

Any unusual features of case: [REDACTED]

Types of cover to be given: [REDACTED]

Loan amount: [REDACTED]

Interest: [REDACTED]

Lender(s): [REDACTED]

Risk insured/percentage: [REDACTED]

Overall insured amount in principal: [REDACTED]

- Value of goods and/or services in relation to country of the Reinsurer, in proportion to the value of all goods and/or services provided: [REDACTED]

- Percentage of cover given by the Insurer: [REDACTED]
- Reinsurance Percentage (show calculation): [REDACTED]

Special conditions: [REDACTED]

Amount of premium payable/payable on

- To be allocated to Insurer: [REDACTED]
- To be allocated to Reinsurer: [REDACTED]

(show calculation)

Date on which the commitment of the Insurer towards the applicant will expire: [REDACTED]

Comments: [REDACTED]

Signed: [REDACTED]

For: [REDACTED]

Date: [REDACTED]

APPENDIX E

FINAL RESPONSE FORM

FROM:

TO:

We refer to the Agreement between us dated.....[REDACTED].....and the Final Proposal Form dated ...[REDACTED].....ref. no.

We hereby accept the proposal you have made and will provide the reinsurance you require on the terms set out in the Agreement dated.....[REDACTED].....and the Final Proposal Form dated ...[REDACTED].....Ref. No.

This commitment to provide Reinsurance shall lapse on (date) if you have not issued a Policy by then. Should you require an extension period, please complete and return another Final Proposal Form and explain under "comments" therein, why you need the extra time.

Banking Connection:

Institution: [REDACTED]

Bank code no: [REDACTED]

Account no: [REDACTED]

We cannot accept your proposal to provide reinsurance. [Comments]

Signed: [REDACTED]

For: [REDACTED]

Dated: [REDACTED]

****Delete if inapplicable***

APPENDIX F

GUARANTEE/POLICY ISSUED FORM

FROM: [REDACTED]

TO: [REDACTED]

We refer to the Agreement between us dated [REDACTED] and the Final Proposal Form dated [REDACTED] ref. no.

This is to inform you that a guarantee/policy was issued on [REDACTED] The value of the cover given is [REDACTED]

The Reinsurance amount with (ECA) is [REDACTED]

The Reinsurance Percentage is [REDACTED]

Premium payable to [REDACTED] (ECA):

Gross premium	[REDACTED]
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-10% handling fee	[REDACTED]
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Net premium	[REDACTED]
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Any other comments: [REDACTED]

Signed: [REDACTED]

For (Credit Insurer)