

AGREEMENT

GOVERNING RECIPROCAL REINSURANCE OBLIGATIONS

This Agreement is made on 19 May 2003 between

Export Guarantee and Insurance Corporation, Vodičkova 34, 110 00 Prague 1, Czech Republic (hereinafter called "EGAP"),

and

██
██

ARTICLE I - PURPOSE OF THE AGREEMENT

1) This Agreement has, as its purpose, the governing of the reciprocal arrangements between EGAP and ██████ in a case where:

- a companies located in Czech Republic and in ██████ have entered into export contracts ("Supply Contracts") for the supply of Goods and/or Services to a buyer established in a country other than Czech Republic and ██████ ("the Buyer");
- b a supplier and/or a bank has requested that credit Insurance facilities be provided by one Credit Insurer for all of the said Goods and Services;
- 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; and
- d support for such export contract is being provided on terms which conform with OECD Arrangement 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 subcontractor(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.

EU Arrangements means the arrangements laid down in Council Decision 82/854 dated December 10, 1982.

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 Czech Republic or [REDACTED] and/or from third countries, such goods and/or services being covered under the Policy.

Policy Issued Form means a form as set out in Appendix F or such other form as may be agreed between the parties.

Insured means the exporter of financial institution which will obtain a Policy by the Insurer.

Insurer means that Credit Insurer which will provide the Policy.

Policy means an insurance Policy issued by the Insurer a portion of which is reinsured with the Reinsurer and is described in more detail in Article III.

Preliminary Proposal Form means a form as set out in Appendix B 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 reinsured by the Reinsurer and calculated as a percentage of the Supply Contract Price in the manner illustrated in Appendix A.

Reinsurer means 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 schemes, 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 - DETERMINATION OF INSURER

As a general rule it is the intention of both parties that whichever country has the larger share of the proposed contract, that country's ECA will normally be the Insurer. However, where the Main Contractor has the minority share it may be appropriate for the Insurer to be that of the country of the Main Contractor. Both parties also agree that there may be other possibilities for determining the Insurer and either party may propose who should be the Insurer in any particular case, giving the appropriate reasons.

Both parties agree that they will seek to determine the Insurer in an amicable manner.

ARTICLE VI - ORIGIN OF GOODS

Regarding Goods and/or Services, sourced from the Reinsurer's country, the parties confirm that said Goods and/or Services are expected to originate from the Reinsurer's country. If the Insurer or the Reinsurer in any specific transaction has reason to doubt that this is not the case, the Insurer will - as far as possible - investigate the origin, e.g. by checking the certificates of origin.

The Insurer will immediately inform the Reinsurer of any suspicion regarding the origin of Goods and/or Services and the result of his findings.

ARTICLE VII - 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 the 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 without reservation to the text of the Insurer's documents relating to the Policy.

3. The Reinsurer agrees to pay 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.

4. The Reinsurer is not obliged to offer a higher percentage of cover than mentioned in Annexes 1 or 2.

5. 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.

6 If a refund of premium has to be made to the Insured by the Insurer as a consequence of a reduction of the covered amounts or of the risk period and as far as this reduction also becomes relevant for the

reinsured portion, the Reinsurer agrees to refund to the Insurer an equivalent portion of the premium collected.

ARTICLE VIII - OBLIGATIONS OF THE INSURER

1 The Insurer agrees to pay to the Reinsurer, within 30 Business Days following the date on which it will have received the premium due under the policy, either

I a sum equal to the Reinsurance Percentage of the [REDACTED] which the Insurer will retain [REDACTED], or

II any other sum that has been agreed between the Credit Insurers, it being understood that the Reinsurer will expect to receive sufficient premium to cover the risk as he sees it.

2 The Insurer agrees to notify the Reinsurer of, and immediately to consult with the Reinsurer about any 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.

3 The Insurer agrees to consult with 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.

4. The Insurer agrees to pay to the Reinsurer the Reinsurance Percentage of any recovery made and retained by the Insurer after payment of a claim within 30 Business Days of the date on which the Insurer makes such recovery.

5. The Insurer agrees to supply to the Reinsurer on demand copies of all the documents in its possession relating to the transaction.

ARTICLE IX - CHANGES 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 by [REDACTED] by the value 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 - THIRD COUNTRY PARTS

The Reinsurance Percentage is calculated according to the proportion of the [REDACTED] and the Czech- - origin of Goods and/or Services. Third country Goods and/or Services (are to be borne by the Credit

Insurer to whose part they are functionally connected. If a direct connection cannot be established, the Insurer shall cover them without reinsurance; however, the parties hereto may agree, case by case, whether some sharing is warranted.

ARTICLE XI - RECOVERY AND DISPUTE EXPENSES

The Insurer shall consult with the Reinsurer before engaging recovery expenses of a total exceeding [REDACTED]. 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 XII - DEBT RESCHEDULING

1 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.

2 If the Policy forms part of a rescheduling agreement the Insurer shall consult the Reinsurer if it wishes to sell or write off any of the debt relating to the Policy, and may at the Reinsurer's request consider the assignment to the Reinsurer of the reinsured portion of the debt to which the Policy relates.

ARTICLE XIII - 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 or the equivalent amount [REDACTED] at the exchange rate of the European Central Bank prevailing at the day the underlying obligation of the Policy (e.g. premium payment, indemnification payment) had been met.

ARTICLE XIV - 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 will 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 the country of the Insurer.

ARTICLE XV - 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 XVI - OFFICIAL LANGUAGE

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



EGAP

Date:

19 May 2003

ANNEX 1

FACILITIES

[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

pt

[REDACTED]

[REDACTED]



ANNEX2

[REDACTED]

11

Date _____

Date 19 May 2005

APPENDIX A

EXAMPLES OF CALCULATION OP REINSURANCE PERCENTAGE

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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APPENDIX B

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[REDACTED]

PRELIMINARY PROPOSAL FORM

FROM:

TO:

We refer to the Agreement between us dated

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

Our Reference number:

Exporter from this country:

Exporter from your country:

Their contractual relationship:

Project:

Buyer:

Borrower:

Guarantor/Security Package:

Contract Value:

Breakdown of supplies (show **value and percentage to total of goods/services originating in Czech, EU Countries and in Countries other than the EU**):

Risk Period:

manufacturing
credit

I

Repayment Terms:

Any unusual Features of Case:

Type(s) of Cover **to be** given

Loan Amount.

Lender(s):

Estimated Insured **Amount**:

Estimated Reinsured **Percentage** (show calculation):

Premium Rate (state **amount payable** on):

Special Conditions:

Recourse Conditions:

Comments:

Signed.....

For.....;

Date

APPENDIX C

PRELIMINARY RESPONSE FORM

FROM:

TO:

We refer to your Preliminary Proposal Form dated

Your Reference number:

Our Reference number :

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

*(b) We could 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 we would wish to receive the following premium:

████

██████████

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

Comments:

This Preliminary Response Form does not bind us to provide reinsurance cover. A decision on the provision of reinsurance can only be taken after a further risk analysis.

Signed

For

Date

APPENDIX C

****DELETE IF INAPPLICABLE***

APPENDIX D

FINAL PROPOSAL FORM

FROM:

TO:

We refer to the Agreement between us dated..... and the Preliminary Proposal Form dated.....

Our Reference number :

Your Reference number:

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

Exporter from this country:

Exporter from your country:

Their contractual relationship:

Project:

Buyer:

Borrower:

Guarantor/Security Package:

Contract Value:

Loan Value:

Breakdown of supplies (show **value and percentage to total of** goods/services **originating in Czech, [REDACTED]**
EU Countries and in Countries other than the EU):

Risk Period:

manufacturing
credit

Repayment Terms:

Any unusual Features of Case

APPENDIX E

Type(s) of Cover to be given:

Loan Amount:

Lender(s):

Overall Insured Amount:

Value of **Goods and/or Services** in relation to country of the Reinsurer, in proportion to the value of **the Goods and/or services** provided

Percentage of **cover** given by the Insurer:

Reinsurance **Percentage** (show calculation):

Special Conditions:

Recourse Conditions:

Amount of Premium Payable

- To be allocated to Insurer
- To be allocated to Reinsurer

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

Comments:

Signed

For

Date

FINAL RESPONSE FORM

FROM:

TO:

We refer to the Agreement between us datedand the Proposal Form dated

Your Reference number :

Our Reference number :

[1] We hereby accept the proposal you have made and will provide the reinsurance you require on the terms set out in the Agreement datedand the Final Proposal Form dated

Your Reference number:

Our Reference number :

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

Signed

For

Dated

****DELETE IF INAPPLICABLE***

APPENDIX F

APPENDIX E

POLICY ISSUED FORM

FROM.

TO:

We refer to the Agreement between us dated and your Final Response Form dated.....

Our Reference number :

Your Reference number:

This is to inform you that a guarantee was issued on

The value of the cover given is.....

The Reinsured Percentage is.....

A The total premium payable is.....

B The amount payable to the Insurer is

C The amount payable to the Reinsurer is.....

The Premium Percentage is $C = \frac{A}{A}$

The Premium will be paid to us as follows:

Due Date	Amount	Premium	Amount Payable
Percentage	to Reinsurer		

We will ensure that you are paid within 30 business days of receipt.

Any other comments:

Signed

For

Dated