

Exportní garanční a pojišťovací společnost, a.s.
Vodičkova 34/701
111 21 Prague 1
Czech Republic

Attn. Lenia Vrbíková, Director, Legal Services

Cc.
Aon Central and Eastern Europe a.s.
Václavské náměstí 832/19
110 00 Prague 1
Czech Republic

Attn. Michael Dubský, Account Executive

Dear Sir/Madam,

We refer to the Directors and Officers Liability Insurance policy (hereinafter the “**D&O Insurance Policy**”) to be concluded between us, (i) **Starr International (Europe) Ltd.**, as the insurer providing coverage under the primary policy, and (ii) **Liberty Mutual Insurance Europe Ltd.** (as the lead insurer), and **LLOYD’S of London Everest Syndicate 2786**, as the insurers providing coverage under the excess policy, and your company, **Exportní garanční a pojišťovací společnost, a.s.** (hereinafter also as the “**Company**”) as the policy holder.

While preparing the execution versions of the contractual documents which form the D&O Insurance Policy, namely:

- (i) Insurance Policy of Directors and Officers Liability Insurance for financial damage (in Czech: *Pojistná smlouva pojištění odpovědnosti managementu*) (hereinafter the “**primary policy contract**”);
- (ii) Insurance Policy of Directors and Officers Liability Insurance (in Czech: *Dual D&O Pojistná smlouva pojištění odpovědnosti manažerů*) (hereinafter the “**excess policy contract**”); and
- (iii) Terms & Conditions for Directors and Officers Liability Insurance (in Czech: *Pojistné podmínky pro pojištění odpovědnosti managementu*) (hereinafter the “**Insurance Conditions**”), which are, in accordance with wording of both the primary policy contract and the excess policy contract, part of the content thereof;

we were asked by Aon Central and Eastern Europe, a.s., the insurance broker involved in the process of negotiating the terms and conditions of the D&O Insurance Policy, **to clarify and confirm our interpretation** of some of the provisions of the contractual documentation mentioned above (in wording to be executed by the parties mentioned above on 27 November 2017).

In connection with the foregoing, we hereby declare and confirm the following:

- 1) D&O Insurance Policy to be concluded between us and the Company consists of two segments: (i) the primary policy which content consists of primary policy contract No. AF7325A17FZA and Insurance Conditions (hereinafter the “**primary policy**”), and (ii) the excess policy which content consists of excess policy contract No. DD 209418 (including Special conditions Directors’ & Officers Liability Insurance and Insurance Conditions D&O

“Lead insurer and authorization to conduct proceedings”) and primary policy including the Insurance Conditions (hereinafter the “**excess policy**”). Thus, the excess policy fully adopts the Insurance Conditions applicable for the primary policy, which also means that the eventual obligation to pay indemnification is established in a single procedure with effect for both policies and if the conditions for indemnification are fulfilled under the primary policy, it is not possible to refuse indemnification under the excess policy (assuming, of course, the situation when the total amount of indemnification is such that it is triggering the obligation to pay indemnification under the excess policy).

- 2) The total limit of liability under the D&O Insurance Policy shall be CZK XXXXX for each and for all claims, which is divided into two layers: (i) CZK XXXX is the limit for the primary policy and (ii) CZK XXXXX above the level of CZK XXXXX under the primary policy is the limit for the excess policy. The provision of Section 2.1 of the Insurance Conditions on automatic renewal of the limit of liability, as well as the related provisions of the Insurance Conditions which deal with the automatic renewal of limit of liability, especially the provision of Chapter 5, letter A of the Insurance Conditions, should be interpreted so that the limit of liability is – in the cases specified in the cited provisions – renewed after the indemnification is paid to the original level, i.e. CZK XXXXX for the primary policy, but the respective part of the total limit is consumed. This means that eventual payment of indemnification from the excess policy is only possible if – pursuant to the conditions of both the primary policy and the excess policy – an obligation to pay indemnification for single claim in an amount exceeding CZK XXXXX would be established. On the other hand, from the above ensues that the insurer under the primary policy might eventually pay for more than one claim the total amount of indemnification exceeding the limit of CZK XXXXXX, up to the total limit of CZK XXXXXX which is important from the perspective of the Company.
- 3) Without regard to the definitions of the *insured persons* and/or the *member of the corporate body* or other definitions of the insured persons it applies that both the primary policy and the excess policy are based on the *claims made* principle with full retroactivity, which also means that the persons whose office or position in relation to the Company ceased to exist prior to the commencement of the policy period are covered by the D&O Insurance Policy.
- 4) An *investigation* within the meaning of Section 3.49 of the Insurance Conditions is not considered as having been commenced unless the Company is notified in writing by the respective body carrying out investigation.
- 5) We are aware of the fact that under Czech law it is not in general possible for the company (including the Company) to compensate members of its bodies in cases where they are liable to the company for compensation of damage caused by executing their office or position. This means that the exemption from indemnification under the provision of Section 3.51 of the Insurance Conditions would exclude indemnification of damages in broad extent, so this provision should not apply for the D&O Insurance Policy.
- 6) For the same reason, i.e. impossibility to compensate corporate bodies members by the Company and, as such incomprehensibility of the provision, the provision of the first paragraph of the text at the end of the Chapter 4 (following Section 4.7) of the Insurance Conditions should not apply for the D&O Insurance Policy.
- 7) In connection with the above, for the avoidance of eventual doubt, we also confirm that asserting the claim for compensation of damage by the Company vis-à-vis members of its corporate bodies is subject of indemnification under the D&O Insurance Policy.

Yours faithfully,

In _____ on _____

On behalf of **Starr Underwriting Agents Limited Slovakia, organizačná zložka, acting on behalf of Starr International (Europe) Ltd.**

Name: Ivan Loula

Position: Managing Director

In _____ on _____

On behalf of **DUAL Deutschland GmbH as a Lloyd`s cover holder acting on behalf of Liberty Mutual Insurance Europe Ltd.**

Name: Olaf Jonda

Position: Procurist

In _____ on _____

On behalf of **DUAL Deutschland GmbH as a Lloyd`s cover holder acting on behalf of LLOYD`S of London Everest Syndicate 2786**

Name: Olaf Jonda

Position: Procurist

Dear Sir/Madam,

We, **Exportní garanční a pojišťovací společnost, a.s.**, as the party interested in concluding the D&O Insurance Policy, would like to confirm delivery of your letter and express our position that our understanding of the respective provisions of the D&O Insurance Policy is the same as outlined above.

Yours faithfully,

In _____ on _____

On behalf of **Exportní garanční a pojišťovací společnost, a.s.**

Name: Jan Procházka

Position: Chairman of the Board of Directors