

*Переклад з української мови на англійську мову*

**“Approved”**

Chief Executive Office of JSIC “INGO Ukraine”

\_\_\_\_\_ I. Gordienko

/signature/

/stamp/

[Private Joint-Stock Company,  
Kyiv, Ukraine

Joint-Stock Insurance Company  
‘INGO Ukraine’

Tax identification number: 16285602]

**“16” July 2007**

**RULES  
OF VOLUNTARY CREDIT INSURANCE  
(INCLUDING THE BORROWER’S LIABILITY  
FOR CREDIT DEFAULT)**

**Kyiv**

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## **1. GENERAL PROVISIONS:**

1.1. These Rules are drawn up based on and in accordance with the Law of Ukraine On Insurance, other Laws and regulatory acts of Ukraine.

1.2. Pursuant to these Rules, the Private Joint-Stock Company “Joint-Stock Insurance Company “INGO Ukraine” concludes the Trade Credit Insurance Contracts. These Rules define the general conditions and procedure of insuring the risks of the legal entity (hereinafter – Insured) arising out of giving Trade Credits to the Counterparties.

## **2. DEFINITIONS:**

2.1. Insurer – Private Joint-Stock Company “Joint-Stock Insurance Company ”INGO Ukraine”, which is the Party to the Insurance Contract.

2.2. Insured – a legal entity (company, organization and institution irrespective of its form of ownership), which concluded the Insurance Contract with the Insurer and which has the property interest in giving Trade Credits to its Counterparties (Debtors).

2.3. Insurance Contract– a written agreement between the Insured and Insurer, according to which the Insurer undertakes to pay the Insurance Indemnity to the Insured in case of occurrence of the Insured Event, and the Insured undertakes to pay the Insurance Premium within the specified timeframe and comply with other terms of the Contract.

2.4. Sum Insured (and/or Limit of Liability of the Insurer) – the sum of money, to the extent of which the Insurer undertakes to pay the Insurance Indemnity upon occurrence of the Insured Event according to the Insurance Contract.

2.5. Insurance Indemnity – a sum of money paid by the Insurer to the extent of the Sum Insured under the terms and conditions of the Insurance Contract upon occurrence of the Insured event. The Insurance Indemnity may not exceed the amount of the direct loss sustained by the Insured.

2.6. Insurance Risk – a certain loss, in case of occurrence of which the insurance is underwritten and which is likely to give rise to a claim.

2.7. Insured Event – an event stipulated by the Insurance Contract, which occurred and gave rise to the Insurer’s obligation to pay the insurance indemnity to the Insured.

2.8. Insurance Period – a period of calendar time within the validity period of the Insurance Contract, during which the insurance cover is applicable in respect of the insured financial risk specified in the Insurance Contract (except for the special cases set forth in the Insurance Contract).

2.9. Insurance Premium – an insurance fee, which the Insured is obliged to pay to the Insurer under the Insurance Contract.

2.10 Minimum Guaranteed Insurance Premium – minimum amount of the Insurance Premium, which the Insured undertakes to pay to the Insurer under the Insurance Contract regardless of the amount of granted Trade Credits.

2.11. Insurance Rate – an Insurance Premium rate of the exposure unit of the Sum Insured for a definite Insurance Period.

2.12. Claim Report – a document, which confirms the Insurer’s decision on recognizing the Insured event and regulates the amount and procedure of payment of the Insurance Indemnity. The Claim Report should be executed within the timeframe stipulated by these Rules or Insurance Contract and signed by the Insurer.

2.13. Trade Credit is:

a) a loan granted by the Insured to the Foreign Counterparty on the terms of export international contract in the form of deferment of payment or payment by installments for supplied goods, services, performed works, delivered results of intellectual activity, or

b) a loan granted by the Insured to the Foreign Counterparty on the terms of import international contract in the form of advance payment made to the benefit of the Foreign Counterparty against and prior to the supply of goods and services, or

c) a loan granted by the Insured to the Counterparty, including in the form of deferment of payment or payment by installments, prepayment, advance payment for the goods, works, services or results of intellectual activity on the territory of Ukraine.

2.14. International Contract – a contract, which provides for the export and/or import of the goods and

services concluded between the Insured and its Foreign Counterparty. The terms of such contract should be agreed with the Insurer prior to conclusion of the Insurance Contract under these Rules.

2.15. Contract – an agreement between the Insured and its Counterparty, which provides for the supply of goods, provision of services, performance of works, delivery of the results of intellectual property on the territory of Ukraine.

2.16. Foreign Counterparty (Foreign Debtor, Debtor) – a foreign buyer (seller, contractor, customer), who concluded (or with whom it is planned to conclude) the International Contract with the Insured. Meanwhile, the same contract stipulates that the Insured grants a Trade Credit to the Foreign Counterparty.

2.17. Counterparty (Debtor) – a buyer (seller, contractor, customer), who is the resident of Ukraine, who concluded (or with whom it is planned to conclude) the Contract with the Insured. Meanwhile, such Contract stipulates that the Insured grants a Trade Credit to the Foreign Counterparty.

2.18. Credit Limit – a maximum amount of the Trade Credit (insurable under these Rules and specific Insurance Contract), which is set individually in the Insurance Contract for each Foreign Counterparty or Counterparty. The Trade Credit may be insured only within the set Credit Limit throughout the validity period of Insurance Contract.

2.19. Maximum Credit Period – a maximum allowed period, stipulated in the Insurance Contract, for repayment of the Trade Credit.

2.20. Waiting Period – a period of time, stipulated by the Insurance Contract, following the end of which the Insured Event is deemed to have occurred. The Waiting Period shall begin on the following day after the expiration of maturity period of the Trade Credit (stipulated by the International Contract or Contract) or after expiration of the Maximum Credit Period, whichever is earlier of the said events.

2.21. Accounts payable – the accounts payable of the Insured on the Trade Credit. Pursuant to the terms of the International Contract or Contract, these accounts have a precisely set maturity period in the future and are formed by the invoices issued for payment by the Foreign Counterparty or Counterparty on behalf of the Insured for the supplied goods, provided services, performed works, results of intellectual activity delivered to the Foreign Counterparty or Counterparty

2.22. Date of the supply of goods/ provision of services/performance of works/delivery of the results of intellectual activity – the date of:

- a) shipment of the goods by the Insured to the address of the Foreign Counterparty or Counterparty, or
- b) termination of provision of the services by the Insured to the Foreign Counterparty or Counterparty, or
- c) performance of the works by the Insured in favor of the Foreign Counterparty or Counterparty, or
- d) delivery of the results of intellectual activity by the Insured to the Foreign Counterparty or Counterparty, or
- e) date of issue of the invoice by the Insured to the Foreign Party or Counterparty for supplied goods, provided services, performed works, delivered results of intellectual activity.

The specific procedure for determining such date shall be set by the Insurance Contract.

2.23. Receivables – the accounts receivable of the Insured on the Trade Credit. Pursuant to the terms of International Contract or Contract, these accounts have a precisely set maturity period in the future through delivery of goods, works, services, results of the intellectual property from the Foreign Counterparty or Counterparty to the Insured and are executed by the respective bank confirmation of transfer of funds from the Insured to the Foreign Counterparty or Counterparty.

2.24. Date of Receivables – a date of crediting advance payment by the Insured to the account of Foreign Counterparty or Counterparty.

2.25. Amount of Sustained Losses – outstanding receivables of the Insured for a Trade Credit, calculated in accordance with the provisions of these Rules and Insurance Contract.

2.26. Deductible – a part of losses in the form of a fixed amount and / or percentage of the amount of sustained losses and / or of the Sum Insured (Limit of Liability of the Insurer), which is not indemnified by the Insurer under the terms of Insurance Contract and deducted from the Amount of Sustained Losses for Foreign Counterparty or Counterparty when calculating the Insurance Indemnity.

2.27. Aggregate Deductible – a part of losses in the form of a fixed amount, which is not indemnified by the Insurer under the terms of specific Insurance Contract and deducted from the Amount of Sustained Losses on the Trade Credits, issued by the Insured to the Foreign Counterparty or Counterparty included in the Insurance Contract throughout the validity period of Insurance Contract.

2.28. Country of Insurance Cover – a country where the Foreign Party is established or has its principal

place of business; or a country or group of countries, on the territory of which there may occur the events, which are the Insured Events under these Rules.

2.29. Limit of Liability for the country (maximum amount of the Insurance Indemnity) - the maximum amount of money paid by the Insurer in accordance with the terms of Insurance Contract to the Insured for Insured Events that occurred under the International Contract for a particular country of insurance cover.

2.30. Limit of Liability for the Foreign Counterparty or Counterparty (maximum amount of the Insurance Indemnity) – the maximum amount of money paid by the Insurer in accordance with the terms of a specific Insurance Contract to the Insured for Insured Events that occurred the International Contract or a Contract for a specific Foreign Counterparty or Counterparty.

2.31. Minimum Amount of Trade Credit – the minimum amount of Accounts Receivable and / or Receivables specified in a particular Insurance Contract, determined for each Foreign Counterparty or Counterparty, starting from which the Insured's obligation under these Rules arises as to the application for insurance of all Accounts Receivable and / or Receivables.

2.32. Potential Insured Loss – any event, which becomes known to the Insured and which may result in the Insured Event, in particular, the overdue accounts receivable for the Foreign Counterparty or Counterparty and / or excess of the Maximum Trade Period for both insured and uninsured Trade Credits.

2.33. The Insurance Parties under these Rules are the Insured, the Insurer and Foreign Counterparty or Counterparty.

### **3. SUBJECT MATTER OF THE INSURANCE CONTRACT:**

According to these Rules, the subject matter of the Insurance Contract shall be the Insured's property interests not contradicting with the law and relating to any Insured's possible losses resulting from its accounts receivable arising out of the implementation of International Contracts or Contracts.

### **4. PROCEDURE FOR DETERMINING THE SUM INSURED:**

The Sum Insured under these Rules shall be determined:

- based on the results of study and assessment of the risk applied for insurance;
- taking into account the verification of solvency of Foreign Counterparties or Counterparties;
- upon agreement with the Insured, taking into account the amounts of Credit Limit, Limit of Liability for the Foreign Counterparty or Counterparty as well as the Maximum Credit Period or Waiting Period;
- according to other information provided to the Insurer, which may significantly influence the Insurer's decision about acceptance of the risk for insurance.

### **5. INSURANCE RISKS:**

5.1. The Insurer shall cover the risks related to the likely and accidental occurrence of losses of the Insured, connected with its accounts receivable, which are duly executed as:

5.1.1. Accounts receivable of the Insured for payment by the Foreign Counterparty:

- goods, services, works and results of intellectual activity, which are delivered on behalf and at the expense of the Insured under the procedure of its usual business activity according to the International Contract / Contract concluded with a Foreign Counterparty or Counterparty and accepted by a Foreign Counterparty or Counterparty;
- the costs incurred by the Insured for transportation (freight) and insurance premiums for cargo insurance, discounts and costs on the promissory notes if they arose in connection with the insured Accounts Receivable for delivered goods and services.

5.1.2. Receivables of the Insured made on its behalf and at its expense under the procedure of its usual business activity according to the International Contract / Contract (advance payments) concluded with the Foreign Counterparty or Counterparty.

5.2. Meanwhile, the said Accounts Receivable and Receivables issued (made) to the Foreign Counterparty or Counterparty by the Insured should meet the following requirements:

- the Insurer set a Credit Limit on the Foreign Counterparty/Counterparty;
- the period given by the Insured to the Foreign Counterparty/Counterparty for repayment of the Trade

Credit does not exceed the Maximum Credit Period.

- the delivery of goods, services, works and results of the intellectual activity and/or advance payments made by the Insured to the Foreign Counterparty/Counterparty, performed according to the requirements of the International Contract/Contract concluded by the Insured and Foreign Counterparty/Counterparty and executed by the invoices and/or banking payment documents; meanwhile, the period for issuing invoices for the supplied goods, provided services, performed works and delivered results of the intellectual property cannot exceed two weeks from the date of its actual shipment, termination of provision of the services, performance of works, delivery of the results of intellectual property.

- other requirements specified in the Insurance Contract.

5.3. The Insurer shall also indemnify for the expenses for the extrajudicial legal support required for prevention or mitigation of the losses, if it is stipulated by the Insurance Contract when the Insured receives the Insurer's prior written consent regarding the amount and form of such expenses.

5.4. The payments made for repayment of the Trade Credits and/or deposited amounts in the currency other than the currency agreed between the Insured and Foreign Counterparty, shall be converted into agreed currency according to the cross exchange rate based on the official exchange rates of the National Bank of Ukraine effective as of the last date before its payment and crediting to the deposit. After such conversion into the agreed currency, these amounts shall be credited as repayment for Trade Credits under the procedure established by these Rules.

## **6. INSURED EVENTS:**

6.1. According to these Rules, the Insured Events shall be the Insured's losses under the International Contract or Contract arising out of the following reasons:

6.1.1. Occurrence of the insolvency of Foreign Counterparty / Counterparty of the Insured, as a result of which this Foreign Counterparty/Counterparty:

- failed to pay or cannot pay anymore for the goods, works, services and results of the intellectual activity, which are the subject matter of the International Contract / Contract concluded between the Insured and this Foreign Counterparty / Counterparty; or

- failed to deliver or cannot deliver anymore for the goods, works, services and results of the intellectual activity, which are the subject matter of the International Contract / Contract concluded between the Insured and this Foreign Counterparty / Counterparty; meanwhile, the Advance Payments, made by the Insured for unsupplied goods and/or non-provided services and / or non-performed works and / or undelivered results of the intellectual activity within the period specified by the Contract, were not refunded by the Insured.

6.1.1.1. Meanwhile, the insolvency of the Foreign Counterparty shall be deemed to have occurred in the following cases:

a) the Foreign Counterparty's insolvency proceeding was initiated, or the court refused to initiate it due to the insufficient property of the debtor;

b) the composition agreement between the Foreign Counterparty and its creditors was reached for preventing the bankruptcy of the Foreign Counterparty;

c) the extrajudicial composition agreement was concluded or the issue on the partial settlement of debts of the Foreign Counterparty with its creditors was solved;

d) the court decision on collection of the debt from the Counterparty to the Insured's benefit was not executed in full.

The date of insolvency of the Foreign Counterparty shall be deemed the date of the court decision (in cases provided for in subparagraphs "a" and "b" of this paragraph), or the date of signing the extrajudicial composition agreement (subparagraph "c" of this paragraph), or the date of execution of the court decision (subparagraph "d" of this paragraph) provided that the specified dates of insolvency of the Foreign Counterparty fall on the Maximum Credit Period, unless otherwise specified in the Insurance Contract.

6.1.1.2. Meanwhile, the Counterparty's insolvency is deemed to have occurred in the following cases:

a) the commercial court issues a decision on the reorganization in respect to the Counterparty in accordance with the legislation of Ukraine;

b) the commercial court issues a ruling on declaring the Counterparty bankrupt and opening of the liquidation procedure according to the legislation of Ukraine;

c) the commercial court approves the amicable agreement between the Counterparty and its creditors

according to the legislation of Ukraine.

6.1.2. Default of the Trade Credit given by the Insured to the Foreign Counterparty / Counterparty after expiration of the Waiting Period specified by the Insurance Contract (hereinafter – continuous delay of payment). For recognizing the said Trade Credit default as the Insured Event, the date of occurrence of continuous delay of payment shall be the date following the date of expiration of repayment period of the Trade Credit stipulated by the International Contract / Contract or the date of occurrence of the Potential Insured Loss, whichever is earlier:

6.1.3. Default of the Trade Credit given by the Insured to the Foreign Counterparty due to certain political events in the country of the Foreign Counterparty (political risks):

a) acts of public authorities of the country of the Foreign Counterparty not permitting to execute the insured International Contract;

b) inconvertibility of the local currency of the country of the Foreign Counterparty into the currency of the International Contract;

c) war, civil war, revolution, uprising in the country of the Foreign Counterparty.

All insured political risks should be clearly stated in the Insurance Contract.

6.2. Only the events which occurred during the validity period of Insurance Contract shall be recognized as the Insured Events.

## **7. INSURANCE EXCLUSIONS AND LIMITATIONS:**

7.1. The Insured Events shall not be:

7.1.1. Insured's losses arising in connection with a penalty under the International Contract / Contract, interests on the Trade Credit, interests on other people's money, indemnification for the claims, judicial costs related with the collection of debts on unpaid invoices as well as the losses resulting from the exchange rate differences.

7.1.2. Insured's losses on the Accounts Receivable and / or Receivables issued (made) to the Foreign Counterparties / Counterparties, which are the subsidiary or affiliated companies in respect to the Insured.

7.1.3. Insured's losses directly or indirectly resulting from:

1) non-compliance of the Insured, its associate contractor, subcontractor or their representatives with the legislative norms of the Country of Insurance Coverage or the country where the Insured, its associate contractor, subcontractor or their representatives are established or have their main place of activity, as well as failure to obtain necessary licenses and permits for goods and services, whose import contradicts the current prohibitions and restrictions in the importing countries, and / or transit - in transit countries;

2) default by the Insured, its associate contractor, subcontractor or their representatives on their contractual obligations;

3) insolvency or default on its financial obligations by the Insured, its associate contractor, subcontractor or their representatives, regardless of the time of occurrence of this insolvency;

4) Insured's refusal or creation of obstacles to perform its contractual obligations by the Foreign Counterparties / Counterparties regardless of the time of their performance;

6) currency fluctuations and / or devaluations;

7) any nuclear reaction or damage caused by the radiation or radioactive contamination;

8) destruction or physical damage caused to the Insured's property;

9) war (declared or not) or hostilities of any kind between two or more of the following countries: the United States, France, United Kingdom, the People's Republic of China, the Russian Federation - this exclusion applies only to the losses under International Contracts concluded with Foreign Counterparties;

10) war, civil war, revolution, uprising, civil commotions of any kind or strikes - this exclusion applies only to the losses under the Contracts concluded with the Counterparties;

11) adoption of a regulatory act that makes it impossible to perform the insured Contract - this exception applies only to the losses under the Contracts concluded with the Counterparties.

7.2. The Insurance Contract, concluded on the basis of these Rules, shall be applicable to the Accounts Receivable or Receivables, issued (made) by the Insured to the Foreign Counterparty / Counterparty, whose amount of receivables does not exceed the Credit Limit set on this Foreign Counterparty / Counterparty according to these Rules, unless otherwise stated in the specific Insurance Contract. Meanwhile, the Insurance Contract applies to the Trade Credits in the order of their provision.

7.3. The Insurance Contract concluded on the basis of these Rules shall apply to the Trade Credits, which exceed the Credit Limit only to the extent that the previously insured Trade Credits have been repaid in the respective amount. Meanwhile, the repayment of Trade Credits by the Foreign Counterparty / Counterparty is primarily set off against Trade Credits with earlier dates of granting. The receipts and promissory notes shall be considered as the payment for Accounts Receivable only after the bank credits the respective amounts to the Insured's account. The value of each lot of supplied goods, provided services, performed works, delivered results of the intellectual activity on account of the advance payment made by the Insured shall be deducted from the amount of accounts receivable on the Foreign Counterparty / Counterparty.

## **8. DURATION AND PLACE OF INSURANCE CONTRACT:**

8.1. Duration of the Insurance Contract.

8.1.1. The Insurance Contract shall be concluded for the period agreed between the Insurer and the Insured.

8.1.2. The Insurance Contract shall come into force upon payment of the first insurance premium, unless otherwise specified in the Insurance Contract.

8.1.3. When insuring the insolvency risk of the Foreign Counterparty / Counterparty according to paragraph 6.1.1. of these Rules after expiration of the Maximum Credit Period, the Insurance Contract may be extended upon agreement of its Parties for a certain period until settlement of accounts receivable on the Trade Credit. Meanwhile, the Insured undertakes to pay for the additional Insurance Premium to the extent agreed with the Insurer for each period of extension of the effective Insurance Contract unless otherwise specified in this Contract.

8.1.4. In case of inclusion of new Foreign Counterparties / Counterparties in the effective Insurance Contract, such Insurance Contract shall be applicable to the Foreign Counterparties / Counterparties, which are included, from the receipt of written notice by the Insured from the Insurer on setting the Credit Limit on these Foreign Counterparties / Counterparties.

8.2. The place of Insurance Contract shall be the Country of Insurance Coverage.

## **9. PROCEDURE FOR CONCLUSION OF INSURANCE CONTRACT:**

9.1. Based on the results of preliminary negotiations of the Insured with its potential Foreign Counterparty / Counterparty, the amount, within which the Insured must deliver goods and services on the terms of the Trade Credit, shall be determined.

9.2. In order for the Insurer to consider the possibility of concluding the Insurance Contract, the Insured shall submit to the Insurer a completed written application for insuring the risks related to the possible occurrence of losses in the implementation of International Contract / Contract. In this application, the Insured indicates complete and true information about itself, potential Foreign Debtor / Debtor, terms of the International Contract / Contract to be concluded, as well as the desired terms of insurance. In case of conclusion of the Insurance Contract, such application of the Insured is an integral part of the Insurance Contract. For each potential Foreign Counterparty / Counterparty, the Insured submits a separate similar application, and in case of insurance of the entire trade turnover of the Insured - a single application for all Debtors. The Insurer shall provide the forms of both applications to the Insured.

9.3. The Insured shall be obliged to inform the Insurer as fully and truly as possible about all known circumstances that are essential for determining the likelihood of occurrence of the Insured Event and the amount of possible losses from its occurrence, in particular, any information about the financial condition and creditworthiness of its potential Debtors. The essential circumstances imply such circumstances, the information about which is indicated by the Insured in the above-mentioned application for insurance, or information, which the Insurer inquires from the Insured in a separate additional written request.

9.4. After the insurance application is received, the Insurer examines and evaluates the risk offered for insurance. For this purpose, the Insurer, at the expense of the Insured and in accordance with the procedure agreed with it, checks the solvency and credit history of each potential Foreign Counterparty / Counterparty of the Insured in order to set a Credit Limit. The Insurer shall have the right to additionally request from the Insured the information about the Insured, its potential Debtors and International Contract / Contract, which has been concluded or is expected to be concluded.

9.5. The Insurer shall have the right to verify the completeness and accuracy of any information, informed

by the Insured.

9.6. After examination of the information provided by the Insured, taking into account the amount of requested Credit Limit, Maximum Credit Period and Waiting Period as well as according to other information provided by the Insured, the Insurer shall take its decision on the possibility or impossibility of concluding the Insurance Contract. The possibility of conclusion of the Insurance Contract shall be expressed in the confirmation of declared Credit Limit or in the decrease of its amount to the level acceptable for insurance. The impossibility of conclusion of the Insurance Contract is reflected in equating the Trade Credit to zero (in the prohibition of International Contract/Contract on the terms of unsecured Trade Credit).

9.7. The Insurer shall notify the Insured of such decision in writing. In case of notification of the possibility of conclusion of the Insurance Contract, such notification shall not be a confirmation of conclusion of the Insurance Contract.

9.8. According to these Rules, the Insured may offer the Insurer to include other of its Debtors in the effective Insurance Contract, who were not previously included as Foreign Counterparties / Counterparties in such Contract. For this purpose, the Insured shall provide the Insurer with additional insurance application for each such Debtor together with the necessary information. After the Insurer has taken measures to study and assess the risk, it takes decision on the possibility or impossibility of including a new Debtor in the effective Insurance Contract. If a new Debtor is included in the effective Insurance Contract, the Insured's application in respect to such Debtor shall be an integral part of this Insurance Contract.

9.9. In case of the joint voluntary agreement of the Insured and Insurer, the latter shall agree all terms of insurance, after which the Insurance Contract is concluded between the Insurer and Insured according to the current legislation of Ukraine. The Insurance Contract concluded on the basis of these Rules should contain the information stipulated by the current legislation of Ukraine. It may also include other information which is used for the definitions in Section 2 of these Rules.

## **10. RIGHTS AND OBLIGATIONS OF THE PARTIES:**

10.1. Rights of the Insured.

10.1.1. The Insured has all rights specified in the current legislation of Ukraine.

10.1.2. The Insured has the right to familiarize itself with these Rules and obtain consultations on their interpretation.

10.1.3. The Insured has the right to participate in the investigation into the circumstances of the Insured Event.

10.1.4. The Insured has the right to appeal against the Insurer's decision to deny paying the Insurance Indemnity.

10.2. Obligations of the Insured.

10.2.1. The Insured is obliged to timely pay insurance premiums;

10.2.2. When concluding the Insurance Contract, the Insured is obliged to provide the Insurer with information on all known circumstances, which are essential for assessment of the insurance risk, and further inform of any change of the insurance risk;

10.2.3. When concluding the Insurance Contract, the Insured is obliged to inform the Insurer about other valid insurance contracts regarding this subject matter of the contract;

10.2.4. The Insured is obliged to take measures to prevent and reduce losses caused by the occurrence of the Insured Event;

10.2.5. The Insured is obliged to notify the Insurer of the occurrence of insured event within the period prescribed by the terms of insurance.

10.2.6. The terms of Insurance Contract may also provide for other obligations of the Insured.

10.3. Insurer's rights.

10.3.1. The Insurer has the right to verify the completeness and accuracy of any information provided by the Insured.

10.3.2. Upon receipt of the insurance application from the Insured, the Insurer has the right to study and assess the risk, offered for insurance, by verifying the solvency and credit history of each potential Foreign Counterparty / Counterparty at the expense of the Insured and in accordance with the agreed procedure for setting a Credit Limit on it.



In this case, the Insurer has the right to additionally request from the Insured the information about the Insured, its potential Debtors and International Contract / Contract, which has been concluded or is expected to be concluded.

10.3.3. The Insurer has the right to conduct a monitoring procedure for all Foreign Counterparties / Counterparties included in the insurance coverage. The procedure for conducting such a monitoring procedure is established in the Insurance Contract.

10.3.4. If after conclusion of the Insurance Contract, it is established that the Insured has provided any incomplete or inaccurate information concerning the assessment of the Insurance Risk to the Insurer in its insurance application and in possible additional requests of the Insurer, this circumstance is the grounds for termination of the Insurance Contract.

10.3.5. If the Insured has not informed the Insurer that it became aware of the occurrence of Potential Insured Loss within the period specified in paragraph 12.1.3 of the Rules, the Insurer has the right to deny paying the Insurance Indemnity to the Insured.

10.4. Obligations of the Insurer.

10.4.1. The Insurer is obliged to familiarize the Insured with the terms and rules of insurance;

10.4.2. The Insurer is obliged to take measures to draw up all the necessary documents for timely payment of the insurance premium or insurance indemnity to the Insured within two working days as soon as it becomes known about the occurrence of the insured event;

10.4.3. The Insurer is obliged to pay the Insurance Indemnity upon the occurrence of the Insured Event within the period stipulated by the contract. The Insurer is financially liable for late payment of the insurance indemnity by paying the Insured a penalty (fine, late charge), the amount of which is determined by the terms of the Insurance Contract or the law;

10.4.4. The Insurer is obliged to indemnify for the costs incurred by the Insured upon occurrence of the Insured Event to prevent or reduce losses, if it is provided by the terms of the Insurance Contract;

10.4.5. Upon application of the Insured, the Insurer is obliged to renew the Insurance Contract with it in case of implementation of the measures that have reduced the insurance risk;

10.4.6. The Insurer is obliged not to disclose information about the Insured and its property status, where provided for by law.

## **11. INSURANCE PREMIUM:**

11.1. For calculating the Insurance Premium, the Insured shall be obliged to provide the Insurer with all necessary information regarding all granted Trade Credits on each Foreign Counterparty / Counterparty specified in the Insurance Contract.

11.2. The Insurance Premium shall be paid by the Insured in the manner and within the time specified in the Insurance Contract, on the basis of the invoices issued by the Insurer. The Insurance Premium shall be considered to be paid upon its receipt on the Insurer's bank account.

11.3. The Insurance Contract may provide for the payment of the Minimum Guaranteed Insurance Premium - the amount of the Insurance Premium that the Insured is obliged to pay to the Insurer during the period of the Insurance Contract, regardless of the actual volume of Insured's operations. The Minimum Guaranteed Insurance Premium shall be determined taking into account the amount of the Sum Insured and the period of the Insurance Contract.

11.4. Insurance Rate (Premium Rate) shall be the rate, at which the Minimum Guaranteed Insurance Premium is calculated based on the planned volume of Insured's operations and the premium is adjusted based on the volume of operations actually performed by the Insured at the end of the Insurance Contract or with another frequency set in the Insurance Contract.

11.5. The date of adjustment of the Insurance Premium shall not be later than 10 working days from the date of expiration of the Insurance Contract, unless otherwise provided by the Insurance Contract.

## **12. INSURED'S ACTIONS IN CASE OF INSURED EVENT:**

12.1. Potential Insured Loss.

12.1.1. The Insurance Contract sets the Maximum Credit Period, which applies to each Foreign Counterparty / Counterparty, unless otherwise specified in the supplementary agreement to the Insurance

Contract (addendum) on setting the Credit Limit.

12.1.2. The Maximum Credit Period for any Foreign Counterparty / Counterparty shall be valid from the date of supply of goods / provision of services / performance of works / delivery of the results of intellectual activity or from the Date of Receivables.

12.1.3. The occurrence of any circumstances, which may cause the occurrence of the Insured Event, shall be considered as a Potential Insured Loss. With the occurrence of such circumstances, in particular, in the event of overdue accounts receivables on the Foreign Counterparty / Counterparty and / or in the event of exceeding the Maximum Credit Period on both insured and uninsured Trade Credits, if stipulated by the Insurance Contract, the Insured shall be obliged to inform the Insurer about the Potential Insured Loss by sending a written notice within not more than ten days from the date when it became aware of these circumstances. A similar procedure applies to the bills of exchange and deferred payment on the Accounts Receivable, if it becomes apparent that as a result of it, the Maximum Credit Period may be exceeded.

12.2. Actions of the Insured in case of the Potential Insured Loss.

12.2.1. The Insurance Contract in relation to the future (next) Trade Credits issued to a Foreign Counterparty / Counterparty on which the Potential Insured Loss has occurred, shall terminate.

12.2.2. The Trade Credits granted by the Insured as of the date of occurrence of the Potential Insured Loss in the amount exceeding the Credit Limit shall be considered uninsured, regardless of whether the insured Trade Credit will be repaid, unless otherwise agreed with the Insurer.

12.2.3. If stipulated by the Insurance Contract, the Insured shall be obliged to suspend the provision of further Trade Credits to a Foreign Counterparty / Counterparty without the written consent of the Insurer.

12.3. In the event of an Insured Event, the Insured:

12.3.1. takes all measures to prevent and reduce losses caused by the occurrence of the Insured Event.

12.3.2. notifies the Insurer about the occurrence of Insured Event within the period provided by these Rules.

12.3.3. ensures the participation of the Insurer in determining the causes and amount of losses.

12.3.4. provides the Insurer with all known information and available documentation, which allows to determine the causes, nature and extent of the caused damage.

### **13. LIST OF DOCUMENTS CONFIRMING THE OCCURRENCE OF INSURED EVENT AND AMOUNT OF LOSSES:**

13.1. Upon occurrence of the Insured Event on the Foreign Counterparty:

13.1.1. Notification of the Insurer about the loss with a detailed description of this loss.

13.1.2. Copies of the invoices, indicating the payment terms.

13.1.3. Copy of the claim for debt collection for prosecution of the debtor.

13.1.4. Proof of damages accepted for consideration at the insolvency hearings.

13.1.5. Proof of the claim accepted by the creditors' meeting.

13.1.6. Account statements certifying:

13.1.6.1. All issued invoices, indicating their repayment dates and period.

13.1.6.2. All payments on these invoices received prior to the specified date.

13.1.6.3. All payments on the invoices, indicating the dates of invoices and terms of their performance.

13.1.7. Calculation of all payments starting from the specified date.

13.1.8. Notice of the conformity of promissory notes and receipts and respective deliveries.

13.1.9. Notices about credit transactions expected and / or arising from the retention of title.

13.1.10. Copies of the notices about credit transactions.

13.1.11. Copy of the decision on initiating the bankruptcy proceedings.

13.1.12. Copy of the protocol on the seizure of debtor's property to secure a debt.

13.1.13. Proof of occurrence of the Insured Event.

13.1.14. Copies of recommendations on the composition agreement with creditors on the debtor's insolvency or recommendations of the interim trustee.

13.1.15. Copy of the payment agreement.

13.1.16. Certificate of measures taken in accordance with the terms of late payment clause.

13.1.17. Copy of the document with a detailed information about the independent credit verification, which must be carried out prior to the delivery under the trust insurance.

13.1.18. Proof that the client / Insured received the goods and paid for them within 12 months.

- 13.1.19. Also, if available, the following documents are attached:
- 13.1.19.1. Decisions of the Commercial Court, court of general jurisdiction or arbitration court, which consider the claims of the Insured to the debtor.
- 13.1.19.2. Enforcement document (writ of execution, payment claims accepted by the debtor, notary's writ of execution, etc.) or evidence confirming the debtor's recognition of creditors' claims.
- 13.1.20. Other documents, on which the Insured's application is based.
- 13.2. In the event of an Insured Event on the Counterparty:
- 13.2.1. Notification of the Insurer about the loss with a detailed description of this loss.
- 13.2.2. Copies of the invoices, indicating the payment terms.
- 13.2.3. Copy of the application for initiating the bankruptcy proceedings filed by the Insured.
- 13.2.4. Copy of the ruling of the court, the commercial court, which considered the Insured's claims against the Counterparty.
- 13.2.5. Copies of enforcement and other documents confirming the Counterparty's recognition of Insured's claims.
- 13.2.6. Copy of the ruling on initiating a bankruptcy proceeding.
- 13.2.7. Copy of the register of creditors' claims, including the Insured's claims.
- 13.2.8. Copy of the ruling on reorganization of the Debtor in accordance with the legislation of Ukraine.
- 13.2.9. Copy of the ruling on declaring the Debtor bankrupt and initiating the liquidation proceeding.
- 13.2.10. Copy of the amicable agreement and related rulings of the commercial court to terminate the bankruptcy proceedings.
- 13.2.11. Copies of account statements certified by the bank.
- 13.2.12 At the Insurer's request, other documents, on which the application of the Insured is based.

#### **14. INSURANCE INDEMNITY:**

- 14.1. When calculating the Insurance Indemnity, the Amount of Sustained Losses shall be used – the amount of total outstanding accounts receivable on this Foreign Counterparty / Counterparty as of the date of occurrence of the Insured Event, except for penalties and fines, decreased by:
- 14.1.1. Amount of uninsured outstanding Trade Credits.
- 14.1.2. Amount of insured outstanding Trade Credits to be offset.
- 14.1.3. Refund amount and proceeds from the sale of goods, for which the Insured has retained ownership, as well as the amount from the sale of other rights and security, subject to the following exclusions:
- 14.1.3.1. The Insured has the right to the proceeds from sale of goods, for which he has retained ownership, which relates to the uninsured outstanding Trade Credits.
- 14.1.3.2. The Insured has the right to the proceeds from the enforcement of other rights and securities that were not a prerequisite for the provision of insurance coverage, in the part that relates to uninsured outstanding Trade Credits. The proceeds from the enforcement of other rights and securities on the Foreign Counterparty / Counterparty, which had both insured and uninsured Trade Credits, are distributed in proportion to the ratio of uninsured and insured loans.
- 14.1.4. All payments and proceeds from the enforcement of securities under the International Contract / Contract after the occurrence of the Insured Event, if they relate to the insured Trade Credits. If it is impossible to determine, which Trade Credits - insured or uninsured – the said proceeds relate to, it shall be distributed proportionally.
- 14.1.5. Funds received from the sale of the property of the Insured's Debtor declared bankrupt.
- 14.2. The amount of the insurance indemnity, paid by the Insurer to the Insured upon occurrence of the Insured Event in the manner prescribed by these Rules and the Insurance Contract, shall be determined by deducting the Aggregate Deductible, Deductible and the amount of the Insured's own share in the losses from the Amount of Sustained Losses.
- 14.3. If provided by the terms of the Insurance Contract, the Insurance Indemnity shall also include the costs for extrajudicial legal support incurred by the Insured upon agreement with the Insurer in order to prevent or minimize losses (in accordance with paragraph 5.5 of these Rules), decreased by the Aggregate Deductible and / or Deductible.

#### **15. PROCEDURE AND TERMS OF PAYMENT OF INSURANCE INDEMNITY:**

15.1. Terms of payment of the Insurance Indemnity.

15.1.1. The Insurance Indemnity shall be paid by the Insurer to the Insured within the Sum Insured, if:

- an event, which caused losses, is the Insured Event within the provisions of these Rules and the Insurance Contract; and

- The Insured has fully and truly informed the Insurer in the insurance application and in potential additional requests of the Insurer through the information known to the Insured concerning the assessment of the Insurance Risk; and

- The Insured has executed to the extent, depending on it, all reasonable written recommendations of the Insurer, aimed at minimizing the losses resulting from the Insured Event. The reasonable recommendations mean such recommendations, which the Insured would implement in the event of losses and absence of insurance.

15.1.2. The Insurance Contract may provide for other conditions of payment of the Insurance Indemnity.

15.2. Procedure for payment of the Insurance Indemnity.

The Insurance Indemnity, paid by the Insurer to the Insured, and (if the Insurance Contract provides for indemnification for the Insured's expenses for extrajudicial legal support required for preventing or minimizing damages in accordance with paragraph 5.5 of the Rules indemnified by the Insurer to the Insured) the said costs shall be paid under the following procedure (subject to Insured's compliance with all terms of insurance):

15.2.1. The Insurer shall pay the Insured for the costs of the latter for extrajudicial legal support required for preventing or minimizing the losses.

15.2.2. The Insurer shall pay the Insurance Indemnity to the Insured in cash within 10 calendar days from the date of adoption of the decision on such payment.

## **16. PERIOD FOR TAKING DECISION ON PAYMENT OR DENIAL OF INSURANCE INDEMNITY:**

The Insurer shall take decision to pay the Insurance Indemnity or to deny its payment no later than thirty working days after the Insured has provided all the documents required for consideration. After adopting such a decision, the Insurer shall notify the Insured in writing (by fax or e-mail) within one working day.

## **17. REASONS FOR INDEMNITY DENIAL:**

17.1. If provided by the Insurance Contract, the Insurer may deny paying the Insurance Indemnity if:

- the event, which caused losses to the Insured, is not the Insured Event; or

- The Insured has violated the obligations imposed on it by the Insurance Contract; or

- The Insured informed to the Insurer the incomplete or inaccurate information concerning the assessment of the Insurance Risk in the insurance application and in possible additional requests of the Insurer; or

- The Insured did not notify the Insurer about the occurrence of Potential Insured Loss within the period set by these Rules.

17.2. The terms of the Insurance Contract may provide for other grounds for denial to pay the Insurance Indemnity, if they do not contradict the law.

## **18. TERMS OF TERMINATION OF INSURANCE CONTRACT:**

18.1. The Insurance Contract shall terminate:

- in cases stipulated by the current legislation of Ukraine; or

- at the initiative of one of the Parties to the Insurance Contract (meanwhile, the notification about the desire to terminate the Insurance Contract must be sent by the initiator of such termination to the other Party of the Insurance Contract in writing no later than thirty calendar days before the termination of the Insurance Contract, unless otherwise specified in the Insurance Contract); or

- by mutual consent of the Insurer and the Insured; or

- if the Insurance Risk terminated due to the circumstances other than the occurrence of the Insured Event, in particular, when insuring the risk of insolvency of the Foreign Counterparty / Counterparty, the parties to the International Contract / Contract settled the accounts receivable under the Trade Credit if it is

specified by the terms of Insurance Contract; or

- in relation to future Trade (Export) credits issued to the Foreign Counterparty / Counterparty, on which the Potential Insured Loss has occurred, if it is provided by the terms of the Insurance Contract.

18.2. Pursuant to the terms of Insurance Contract, the list of events of termination of the Insurance Contract may be extended.

### **19. DISPUTE RESOLUTION PROCEDURE:**

19.1. All disputes arising under the Insurance Contracts concluded on the basis of these Rules shall be resolved through negotiations.

19.2. If it is impossible to resolve disputes through such negotiations, the disputes shall be resolved in court in accordance with the current legislation of Ukraine.

### **20. INSURANCE RATES:**

The Insurance Rates under Insurance Contracts concluded on the basis of the provisions of these Rules shall be calculated in accordance with Annex 1 to the Rules.

### **21. SPECIAL CONDITIONS:**

21.1. The amendments or additions to the Insurance Contracts concluded on the basis of the provisions of these Rules shall be valid if they are executed in the form of a written supplementary agreement.

21.2. The conditions contained in these Rules may be amended with the written agreement of the parties at the conclusion of the Insurance Contract or prior to the occurrence of the Insured Event, provided that such changes do not contradict these Rules and current legislation of Ukraine.

These Rules are registered by the State Commission for Regulation of Financial Services Markets of Ukraine on 21-08-2007.

***Registration number 1671969***

Переклад цього документа з української мови на англійську мову виконав я, дипломований перекладач Павелко Віталій Юрійович

м. Київ

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