

Steve Dodgson  
Group Director  
Business Group



15 May 2008

Mr Hugh Bailey  
Director  
The British Exporters Association  
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Dear Hugh

## **ECGD REINSURANCE TO PRIVATE INSURERS FOR EXPORTS SOLD ON SHORT TERMS OF CREDIT**

You may recall that in 2001, following a Public Consultation of ECGD's short term trade credit reinsurance arrangements to private sector providers of short term trade credit insurance, a Surplus Reinsurance Agreement (SRA) was introduced (copy attached for ease of reference). The SRA replaced all the reinsurance arrangements that had been introduced at the time ECGD's Insurances Services Group was privatised in 1991.

The SRA was reviewed in 2005 and, taking account of the views of the Credit Insurers and Trade Associations, was retained for a further period of 3 years.

I am now able to let you know that ECGD has recently undertaken a further review. Despite the absence of any demand for ECGD reinsurance under the SRA, nonetheless, it has been decided to retain the SRA for a further 3 year period. ECGD will review the continuation of these arrangements again in 2011.

The SRA will be maintained as a potential stand-by facility; it does not commit ECGD to provide reinsurance. Should any extraordinary events arise, which meant that the private market could not underwrite trade credit insurance risks, ECGD would consider (in consultation with HM Treasury and Ministers) at that time whether and on what terms reinsurance might be provided to the Credit Insurers taking account of the prevailing circumstances and the existence of the Surplus Reinsurance Agreement.



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A copy of this letter is being sent to recipients below and will also be made available on ECGD's website.

Yours sincerely

A handwritten signature in black ink, appearing to read "S Dodgson". The signature is stylized with a large initial "S" and a long, sweeping underline.

**STEVE DODGSON**

## **ECGD REINSURANCE FOR EXPORTS SOLD ON SHORT TERMS OF CREDIT**

### List of Consultees

Mrs Diane Foxall  
Atradius Credit Insurance NV  
3 Harbour Drive  
Capital Waterside  
Cardiff CF10 4WZ

Mr Nigel Prior  
Euler Hermes UK  
Reinsurance Division  
1 Canada Square  
London  
E14 5DX

Mr Damian Owens  
COFACE UK  
Reinsurance Division  
15 Appold Street  
London  
EC2A 2DL

The British Exporters Association (BExA)  
Broadway House  
Tothill Street  
London  
SW1H 9NQ

Mr Gary Campkin  
The Confederation of British Industry (CBI)  
Centre Point  
103 New Oxford Street  
London  
WC1A 1DU

The Association of British Insurers (ABI)  
51 Gresham Street  
London EC2V 7HQ

The British Insurance Brokers Association (BIBA)  
14 Bevis Marks  
London  
EC3A 7NT

October 2001



Mrs D Price  
Group Reinsurance Manager  
NCM  
3 Harbour Drive  
Capital Waterside  
Cardiff CF1 6TZ

Ground Floor  
Lambourne House  
Lambourne Crescent  
Llanishen  
Cardiff CF14 5GL  
Main Fax 029 20 328600  
Telex 290350 ECGD HQ G  
Switchboard 029 20 328500  
[www.ecgd.gov.uk](http://www.ecgd.gov.uk)

Direct 029 20 32 7171

Dear Diane

### **NEW ECGD REINSURANCE ARRANGEMENTS**

- 1 In my letter of 11 October 2000 I informed you that the existing ECGD Reinsurance Agreements would expire w.e.f. 30 June 2001.
- 1 Since 1991 ECGD has provided reinsurance for certain UK export risks that could not be placed in the private reinsurance market. Although there is no current demand for such reinsurance ECGD is prepared to continue to provide in principle support on a risk by risk basis, under the terms of the enclosed Surplus Reinsurance Agreement. These new arrangements and the market need for support will be reviewed at the end of 2003 and the basis of ECGD's support may well be varied at that time.
- 3 If you have any queries, please do not hesitate to contact me. However, you will wish to note that, w.e.f 1 November 2001, all correspondence, on reinsurance issues and queries should be sent to;

Mr Paul Hillman  
ECGD  
PO Box 2200  
2 Exchange Tower  
Harbour Exchange Square  
London E14 9GS  
Tel: 020 7512 7733

Yours sincerely

**SIMON RICHARDSON**



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***ECCD***

**SURPLUS REINSURANCE  
AGREEMENT**

## SURPLUS REINSURANCE AGREEMENT

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**THIS SURPLUS REINSURANCE AGREEMENT** is made this      day of      2001

**BETWEEN:**

- (1)    [*Name and address of insurance company*] (the "Insurance Company") and
- (2)    Her Britannic Majesty's Secretary of State, acting by the Export Credits Guarantee Department, of 2 Exchange Tower, Harbour Exchange Square, London E14 9GS ("ECGD")

**RECITALS**

The Insurance Company may wish to cover risks that are not covered, or not fully covered, by its private market reinsurance programme, due to the extent of its exposure to the country or Buyer concerned. In such circumstances ECGD may in its discretion offer reinsurance under and in accordance with the terms of this Agreement, the extent of its percentage participation depending (among other things) on the country and Buyer concerned.

**NOW IT IS AGREED** as follows:

**1.    DEFINITIONS**

1.1    In this Agreement, unless the context otherwise requires:

- |                   |                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Bound Risks"     | means Risks bound under this Agreement in accordance with clause 2;                                                                                                                                                                                                                                                                                                      |
| "Buyer"           | means the person to whom goods and/or services are to be supplied under a Contract that forms the subject matter of a Risk;                                                                                                                                                                                                                                              |
| "Category"        | means a category of countries and/or Buyers, as specified in the Guidelines;                                                                                                                                                                                                                                                                                             |
| "Claims Expenses" | means monies actually expended to avert or minimise loss insured against under Policies or in pursuit of recovery in respect of such loss (for the avoidance of doubt office expenses and salaries of any of the Insurance Company's officers, directors, secondees or employees are excluded but proper travel and subsistence costs of such individuals are included); |
| "Contract"        | means a contract for the supply of goods and/or services by a person carrying on business in the United Kingdom to persons who are within one of the countries specified in the Guidelines;                                                                                                                                                                              |

|                          |                                                                                                                                                                                                                              |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Guidelines”             | means the guidelines referred to in Clause 2.3;                                                                                                                                                                              |
| “Parties”                | means ECGD and the Insurance Company;                                                                                                                                                                                        |
| “Period”                 | means a period of this Agreement as specified in Schedule A;                                                                                                                                                                 |
| “Policy”                 | means a guarantee or contract of credit insurance issued by the Insurance Company under which risks in relation to Contracts are bound;                                                                                      |
| “Policyholder”           | means a person or persons insured under a Policy;                                                                                                                                                                            |
| “Proportion”             | means the percentage of a Risk that is bound by way of reinsurance under this Agreement;                                                                                                                                     |
| “Records”                | means information, documents, manuals books of account, and all other records and papers held in any format by or on behalf of the Insurance Company;                                                                        |
| “Reinsurance Premium”    | means the premium payable to ECGD under this Agreement as referred to in Schedule A;                                                                                                                                         |
| “Rescheduling Agreement” | means a debt restructuring agreement (including a rescheduling agreement) entered into between the United Kingdom Government and another country’s Government (whether under the auspices of the “Paris Club” or otherwise); |
| “Risk”                   | means a risk bound under a Policy;                                                                                                                                                                                           |
| “Third Party”            | means any person other than ECGD or the Insurance Company;                                                                                                                                                                   |
| “Working Days”           | means days other than a Saturday or Sunday on which banks in London are open for normal business.                                                                                                                            |

## 2. **BUSINESS COVERED**

- 2.1 This Agreement relates solely to Risks with a maximum period of (i) three years plus exceptional prolongation in respect of pre-shipment risks and (ii) 180 days plus exceptional prolongation in respect of post-shipment risks. Save where ECGD (in its discretion) expressly agrees in writing to cover Risks with longer risk periods, no other risks shall be covered or deemed covered under this Agreement in any circumstances whatsoever.

- 2.2 This Agreement provides a facility under which ECGD may in its discretion offer proportional reinsurance in respect of individual Risks that the Insurance Company may submit. A Risk is bound under this Agreement if and when
- (a) ECGD offers in writing to cover it on specified terms (such terms to include the Reinsurance Premium, the Proportion, and adherence to ECGD's Business Principles, as issued from time to time) and
  - (b) The Insurance Company agrees in writing to those terms.

An offer made by ECGD under paragraph (a) will remain open for acceptance for the period specified in the offer itself; if no period is specified it is deemed to be 3 months from the date of ECGD's offer. Where ECGD has made an offer in respect of a Risk, the Insurance Company undertakes that it will inform ECGD of any material change in or relating to that Risk and give ECGD an opportunity to change or withdraw its offer in light of such change. Save as expressly set out in ECGD's offer, the reinsurance cover in respect of each Risk will be on the terms set out in this Agreement.

- 2.3 ECGD may from time to time issue Guidelines which set out:
- (a) The countries and Buyers in respect of which cover may be made available and the extent of the cover (%) that may be available in respect of each country and Buyer within a specified Category; and/or
  - (b) For each Category, country and/or Buyer, the maximum potential exposure under Risks bound under this Agreement during a specified Period that ECGD would be prepared to accept, and the maximum pre-shipment limit per transaction that ECGD would ordinarily be prepared to consider covering; and/or
  - (c) The categories of information that ECGD will require in order to consider making an offer under clause 2.2 (a); and/or
  - (d) A rating system for the Reinsurance Premium (if ECGD approves the Insurance Company's own rating system it may adopt that with a reinsurance loading).
- 2.4 Such Guidelines shall not bind ECGD to cover any particular risk, or to do so on any particular terms, and ECGD may revise or withdraw them forthwith at any time on notice to the Insurance Company.

### **3. ATTACHMENT AND TERM OF ECGD'S LIABILITY**

- 3.1 This Agreement shall be effective from [                      ]. Upon termination of this Agreement in accordance with Clause 3 no further risks will be presented to or covered by ECGD.
- 3.2 Either party may terminate this Agreement by giving not less than three months' notice to the other party, which shall take effect from 23.59 hours on 31<sup>st</sup> December of any year.

- 3.3 Without prejudice to any other rights and remedies it may have, ECGD may terminate this Agreement forthwith by notice to the Insurance Company within 90 days of becoming aware that the Insurance Company has committed a material breach of any of its obligations under this Agreement and has failed to remedy the breach within 21 days after service of notice specifying the breach and requiring it to be remedied.
- 3.4 Without prejudice to any other rights and remedies ECGD may have, this Agreement shall terminate automatically forthwith if:
- (a) The Insurance Company suffers the appointment of a receiver or administrator or administrative receiver or judicial manager or like officer in any jurisdiction in any part of the world; or
  - (b) An Order is made or an effective resolution passed for the winding-up of the Insurance Company; or
  - (c) The Insurance Company ceases to carry on business or suspends payments of its debts or fails to pay in full, upon execution being levied therefore, any judgment debt for an amount in excess of £5,000; or
  - (d) The Insurance Company ceases to be authorised to carry on insurance business in respect of classes of business reinsured hereunder.
- 3.5 For the purposes of this Agreement a Risk is deemed to be bound under a Policy on the date on which cover commenced in relation to that Risk in accordance with the terms of that Policy.
- 3.6 Termination of this Agreement has no effect upon the Parties' rights and obligations in respect of Risks bound before such termination.

#### **4. REINSURANCE PREMIUMS**

- 4.1 In respect of each Bound Risk the Insurance Company shall pay to ECGD a Reinsurance Premium calculated in accordance with ECGD's offer to reinsure such Risk under clause 2.2 and (unless otherwise agreed in writing) to be paid in accordance with the terms of Schedule A.
- 4.2 In respect of a given Bound Risk, if payment of the Reinsurance Premium as specified in Schedule A (or as otherwise agreed in writing) is overdue:
- (a) ECGD may thereafter make time of the essence by giving notice to the Insurance Company requiring payment of the said premium within five working days;
  - (b) If the said premium is not paid within the period specified in the notice, cover shall cease forthwith and nothing will be payable by ECGD in respect of any loss occurring after that date.

## **5. CONDUCT OF CLAIMS AND RECOVERIES**

5.1 Subject to the remainder of this clause 5, the Insurance Company is responsible for the following:

- (a) Taking all reasonable steps to avert or minimise a loss payable hereunder;
- (b) Monitoring and directing Policyholders' activities in relation to claims and the Claims Expenses they incur; and
- (c) Adjusting, defending, settling and paying claims.

Further, the Insurance Company is responsible for or (if appropriate) shall procure that the Policyholder carries out the following:

- (d) Monitoring adverse circumstances (including transfer delays and general Buyer payment problems) and the aggregate of losses that may result;
- (e) Appointing lawyers and adjusters; and
- (f) Pursuing recoveries.

5.2 In relation to the above matters the Insurance Company shall keep ECGD informed, consult with and follow ECGD's directions, in accordance with procedures to be agreed by the parties from time to time.

5.3 Save as expressly provided for in Schedule A, it is a condition precedent to ECGD's liability hereunder that the Insurance Company obtains ECGD's express approval in writing before agreeing any claim. This condition precedent does not apply where a court or arbitration tribunal orders the Insurance Company to pay the claim in question.

5.4 Save for any element that is payable to Policyholders under the terms of the Policies concerned, the Proportion of all recoveries is payable to ECGD. If the Insurance Company receives recoveries it will hold the Proportion of them on trust for ECGD pending transmission to ECGD.

5.5 ECGD may direct the Insurance Company's pursuit of recoveries. In particular (but without limitation) ECGD may direct that certain debts are to be included in a Rescheduling Agreement, in which case, on ECGD's written request, the Insurance Company shall:

- (a) Transfer to ECGD all case papers relating to the claim;
- (b) Use reasonable endeavours to obtain signed undertakings from the Policyholders concerned, substantially in the form of the deed of undertaking set out at Annexe 1 to this Agreement;
- (c) Co-operate fully with ECGD.

- 5.6 The Insurance Company shall provide all the information that ECGD reasonably requests in order to
- (a) Decide whether or not a claim or recovery should be defended/pursued or settled (and if so, at what amount), and
  - (b) Exercise its rights under clauses 5.2 and 5.5.

**6. ACCOUNTS, REPORTING AND ASSISTANCE**

6.1 The Insurance Company shall maintain full and proper written records (including books of account) of all matters pertaining to Bound Risks, including premiums, claims, recoveries, monies received and receivable and payable and paid, under Policies and under this Agreement.

6.2 The Insurance Company shall submit to ECGD:

- (a) Sufficient details of Bound Risks for the assessment of Reinsurance Premiums,
- (b) Reports of premiums invoiced and received, claims payments, Claims Expenses, notifications of probable loss, claims under examination, credit limits granted, total potential exposure, potential recoveries and any other information that the parties may from time to time agree should be provided, and
- (c) Accounts.

The Parties shall from time to time agree the format, level of detail and timing of the bordereaux, reports and accounts, and these requirements are to be treated as terms of this Agreement.

- 6.3 The Insurance Company shall monitor and keep ECGD regularly informed of (i) ECGD's aggregate exposure under Bound Risks for all transactions completed during each Period (or part thereof) and (ii) the maximum potential exposure of ECGD under Risks bound during each Period (or part thereof), in either case in respect of each country and Buyer within each Category. If ECGD's acceptance of a further Risk under this Agreement would take the maximum exposure of ECGD under Risks bound during a specified Period over the maximum set out in the Guidelines from time to time, the Insurance Company must inform ECGD in writing when submitting the Risk. If it fails to do so and the Risk is bound, ECGD may at its discretion, by notice in writing to the Insurance Company, set aside cover in respect of that Risk with effect from its inception.
- 6.4 The Insurance Company shall provide ECGD with all information in relation to Risks which ECGD requires to discharge its statutory and reporting responsibilities to Parliament and its reporting responsibilities to other organisations listed in Schedule B (as may be varied from time to time by written notice by ECGD in its sole and absolute discretion). The expense of providing such information shall be borne by the

Insurance Company. However ECGD shall reimburse the Insurance Company any reasonable additional expenses incurred in providing additional information to ECGD for organisations which may be added to Schedule B and/or in relation to new or amended responsibilities of ECGD which come into existence after the date of this Agreement.

- 6.5 The Insurance Company shall co-operate fully with ECGD at all times in relation to this Agreement and on reasonable request shall use reasonable endeavours to:
- (a) Make available to ECGD its appropriate current officers, directors or employees; and
  - (b) Contact its appropriate past officers, directors or employees or other personnel at their last known addresses and invite such individuals to assist ECGD (without imposing any obligation on such individual to do the same).
- 6.6 The Insurance Company shall at its own expense as soon as practicable disclose to ECGD all information which
- (a) Is known by or ought reasonably to be known in the ordinary course of business to the Insurance Company; and
  - (b) A prudent reinsurer would wish to take into account in formulating and revising the Guidelines.

The Parties shall discuss and agree upon the means for communicating such information.

## **7. INSPECTION OF RECORDS**

- 7.1 ECGD's authorised representative(s) shall have free access upon reasonable notice at any time during normal office hours to such Records as are relevant for:
- (a) Determining whether or not the Insurance Company is complying with all aspects of this Agreement, and
  - (b) The audit and verification of the accounts and other information submitted by the Insurance Company under this Agreement.
- 7.2 The Insurance Company shall on request from time to time provide ECGD with sample claims files relating to Bound Risks in order that ECGD may determine whether or not the Insurance Company is complying with its obligations under clause 5. Such files will be made available on the Insurance Company's premises or otherwise as may be agreed between the Parties.

## **8. ERRORS AND OMISSIONS**

Subject to the express terms of this Agreement, any inadvertent error or omission on the part of either ECGD or the Insurance Company shall not relieve the other party from any liability which would have attached hereunder, provided that such error or omission:

- (a) Is rectified as soon as practicable upon discovery; and
- (b) Shall not impose any greater liability on the other party than would have attached if the error or omission had not occurred.

## **9. CURRENCY**

All accounts and payments under this Agreement shall be rendered and made in Pounds Sterling. For this purpose each sum received or paid in any other currency under or in connection with the Policies shall be converted to Sterling at the rate of exchange adopted by the Insurance Company in its own books (or, if the Insurance Company does not adopt such rate, the spot rate of exchange quoted in the Financial Times on the first day it is published on or after the date of receipt or payment), the intention being that there shall be no exchange gains or losses.

## **10. GENERAL**

- 10.1 Nothing contained in this Agreement shall be construed as constituting a partnership between the Insurance Company and ECGD.
- 10.2 Neither the Insurance Company nor ECGD shall assign the benefit or burden of this Agreement or any part thereof without the prior written consent of the other party.
- 10.3 Any amendment or variation to this Agreement shall be in writing and (save where this Agreement expressly provides for such amendment or variation by notice) signed by duly authorised representatives of the Insurance Company and ECGD.
- 10.4 Any waiver by ECGD or the Insurance Company of a breach of any of the terms of this Agreement or of any default under this Agreement shall not be deemed a waiver of any subsequent breach or default and shall not affect the other terms of this Agreement.
- 10.5 The Insurance Company shall procure that (unless authorised to do so in writing by ECGD) the Insurance Company and its officers, agents and employees shall not
  - (a) Make any representation that the Insurance Company has any authority whatsoever to act or omit to act on ECGD's behalf in connection with Risks; or
  - (b) Do or omit to do anything which would bring Policyholders in direct contractual relations with ECGD in connection with Risks.

**11. INTERPRETATION**

11.1 In this Agreement unless the context otherwise requires:

- (a) references to a gender shall include any gender, references to the singular shall include the plural and vice versa and references to a person shall include any association of persons or body corporate;
- (b) references to clauses and Schedules are to clauses in and Schedules to this Agreement unless otherwise specified;
- (c) references to persons include references to Governments, Governmental agencies and Governmental departments;
- (d) the expression “including” shall mean “including without prejudice to the generality of the foregoing”.

11.2 Headings in this Agreement are for convenience only and shall not be used as aids in construction.

11.3 The Schedules form an integral part of this Agreement.

**12. LAW AND JURISDICTION**

This Agreement shall be governed by and construed in accordance with English law and the parties hereby submit for all purposes relating to this Agreement to the exclusive jurisdiction of the English High Court.

**13. NOTICES**

13.1 Any notice given for any purpose of this Agreement shall be in writing and shall:

- (a) If intended to be given to ECGD be deemed served if actually delivered to ECGD at, or sent by pre-paid post to:

ECGD  
2 Exchange Tower  
PO Box 2200  
Harbour Exchange Square  
London E14 9GS

(Attention: [                    ])  
Fax No:       [                    ]

- (b) If intended to be given to the Insurance Company be deemed served if actually delivered to the Insurance Company or sent by pre-paid post to the Insurance Company at:

[ *details* ]

- 13.2 A notice successfully transmitted without corruption by facsimile process to the intended recipient shall be deemed actually delivered to such recipient.
- 13.3 Either party may by notice in writing to the other nominate a facsimile number for the purposes of clause 13.2 and/or another address within the United Kingdom for service of notices for the purposes of and in place of that given in clause 13.1.

#### **14. SUSPENSION OF PERFORMANCE**

- 14.1 Save in respect of clauses 4.2 and 5.3 where the consequences of breach are provided for, if:
  - (a) The Insurance Company shall commit a breach of any of its obligations under this Agreement and such breach:
    - (i) Materially increases the scope of the ECGD's liability (whether in respect of an individual Risk or more generally) under this Agreement, or
    - (ii) Materially impedes or increases the costs of or otherwise prejudices ECGD in seeking to comply with any of its obligations or the exercise of any of its rights and powers under this Agreement; and
  - (b) ECGD has within 90 days of having become aware of the relevant breach served a notice on the Insurance Company specifying the breach; and
  - (c) Either the breach is incapable of remedy or the Insurance Company has failed to remedy the same within 21 days after service of the notice on the Insurance Company described in clause (b) above,
- 14.2 ECGD may (without prejudice to any other rights including those under clause 3.3 which it may have arising out of such breach) upon notice to the Insurance Company suspend performance of its obligations under this Agreement until the Insurance Company resumes performance of its obligations and rectifies the consequences of such breach or (at its option) provides reasonable compensation for the loss resulting from such breach.

**15. VALUE ADDED TAX**

Each party shall pay to the other party the amount of any value added tax or insurance premium tax chargeable and properly invoiced in respect of any supply for value added tax or insurance premium tax purposes under this Agreement on the making of the relevant supply or, if later, on demand by such other party.

## SCHEDULE A

### **Period / Reinsurance Premium / Claims Procedure**

#### **Period**

The first Period of this Agreement is from the date specified in clause 3.1 to the end of that calendar year. Each subsequent Period is one calendar year. If this Agreement is terminated, the Period that is current at the date of termination will be deemed to expire at the end of that day.

#### **Reinsurance Premium (clause 4)**

Reinsurance Premium in respect of each Bound Risk is to be paid in full to ECGD:

- (a) by the date(s) specified in ECGD's offer of cover, or (if no such date(s) is/are so specified)
- (b) within [*insert number*] days of that Risk being bound under this Agreement,

regardless of whether the Insurance Company has received the corresponding premium by then.

#### **Claims Procedure (clause 5)**

[*Insert here any special procedures to be followed by the Insurance Company: see clause 5.2*]

## **SCHEDULE B**

### **List of Organisations**

- H.M. Treasury
- Department of Trade & Industry
- (Central Statistical Office)
- Organisation for Economic Co-operation and Development
- Berne Union
- European Community
- National Audit Office
- Overseas Developments Agency

IN WITNESS WHEREOF the Parties have signed this Agreement the day and year first above written.

SIGNED )  
On behalf of the Export )  
Credits Guarantee Department )

SIGNED )  
On behalf of )

**POLICYHOLDER DEED OF UNDERTAKING**

*(To be typed up on the Policyholder's headed note paper)*

**To:           The Insurance Company**

1.           *[Details of Policyholder, Policy, Contract, Buyer and claim payment to be inserted here].*
  
2.           We understand that:
  - (a)       The Export Credits Guarantee Department (ECGD) reinsured [*name of the Insurance Company*] in respect of the above Policy; and
  - (b)       the United Kingdom Government and/or ECGD is negotiating a debt re-scheduling agreement which will apply to sums due from [*name of country*], including sums due under the above Contract.
  
3.           We undertake:
  - (a)       to co-operate in any measures required by ECGD to implement such debt re-scheduling agreement:
  - (b)       to accept the directions of ECGD with regard to exercising or refraining from the exercise of any rights under the above Contract; and
  - (c)       (so far as concerns any uninsured percentage of the claim) to abide by the outcome of such debt re-scheduling agreement.
  
4.           We agree that the benefit of this Deed of Undertaking may be assigned to ECGD.

**Signed:**       *Duly authorised officer of the Policyholder*

**DRAFT GUIDELINES**

(All figures shown are purely illustrative)

**APPENDIX 1      Retention Matrix**

| Country Category | Buyer Category |      |      |
|------------------|----------------|------|------|
|                  | 1              | 2    | 3    |
| <b>A</b>         | 25m            | 20m  | 15m  |
| <b>B</b>         | 12m            | 10m  | 8m   |
| <b>C</b>         | 6m             | 5m   | 4m   |
| <b>D</b>         | 3m             | 2m   | 1m   |
| <b>E</b>         | 750k           | 500k | 250k |

**APPENDIX 2      Original Rating Matrix**

Original Rates applying to covers attaching to this facility will be based on market rates plus a 20% enhancement irrespective of any discounts or adjustment calculations.

| Country Category | Buyer Category |      |      |
|------------------|----------------|------|------|
|                  | 1              | 2    | 3    |
| <b>A</b>         | 0.35           | 0.40 | 0.45 |
| <b>B</b>         | 0.50           | 0.60 | 0.70 |
| <b>C</b>         | 0.95           | 1.25 | 1.50 |
| <b>D</b>         | 1.75           | 2.00 | 2.35 |
| <b>E</b>         | 2.70           | 3.20 | 3.75 |

**APPENDIX 3**

For each Category of country, the maximum exposure that ECGD is prepared to accept, and the maximum pre-shipment limit per Policy that ECGD would ordinarily be prepared to consider covering, are as follows:

| <b>Country Category</b> | <b>Maximum Exposure</b> | <b>Maximum pre-shipment limit per transaction</b> |
|-------------------------|-------------------------|---------------------------------------------------|
| <b>A</b>                |                         |                                                   |
| <b>B</b>                |                         |                                                   |
| <b>C</b>                |                         |                                                   |
| <b>D</b>                |                         |                                                   |
| <b>E</b>                |                         |                                                   |

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