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When any dispute arises, any judgment shall be based solely on the Japanese text.

Policy Conditions for Buyer's Credit Insurance (Loan Claims, etc.)

April 1, 2017 17-Scheme-00002

Chapter 1. General Provisions

(Contents of these Policy Conditions)

Article 1.

These Policy Conditions shall be the insurance policy conditions applicable to Buyer's Credit Insurance, which is a part of the Buyer's Credit Insurance under the provisions of the Trade and Investment Insurance Act (Act No. 67 of 1950, hereinafter referred to as the "Act"), to provide an indemnify for losses suffered by a party who has acquired any of the Trade Proceeds Loan Claims, etc. stipulated in Paragraph 13 of Article 2 of the Act. (Definitions)

Article 2

For the purpose of these Policy Conditions the following terms shall have the following meanings:

1. “Nippon Export and Investment Insurance” hereinafter referred to as “NEXI” means a stock company Nippon Export and Investment Insurance, Co., Ltd. stipulated in Article 3 of the Act.
2. “Trade Proceeds” means the one which falls under any of the following Items.
 - (1) Sales or lease proceeds for goods under an export contract
 - (2) Sales or lease proceeds for goods under an intermediary trade contract
 - (3) Consideration for technology or labor offered based on a technical cooperation contract
3. “Trade Proceeds Loan Claims, etc.” means claims which fall under any of the following provisions prescribed in these policy conditions.
 - (1) Claims related to a loan provided for funds used to make payment in a trade with a foreign government, etc., foreign entity or foreign person.
 - (2) Public bond issued by a foreign government, etc., company bond issued by a foreign entity or other equivalent claims issued to finance the funds for the payment prescribed in the (1) above.
4. “Trade Proceeds Loan” means the acquisition of the Trade Proceeds Loan Claims, etc. implemented by a Japanese entity, Japanese person, foreign entity or foreign person.
5. “Loan, etc.” means both principal and interest of the Trade Proceeds Loan Claims, etc. which does not include delayed interest or any claims other than principal and interest held by the insured under the Trade Proceeds Loan.

6. “Insurable Value” means the amount of the Loan, etc. If the Loan, etc. is repaid in two or more installments, “Insurable Value” means the amount to be repaid in each installment.
7. “Insured, et al.” means a policy holder, insured or beneficiary of the policy, or its agent or employee.
8. “Export Contracts, et al.” means the export contract, intermediary trade contract or technical cooperation contract subject to the Trade Proceeds Loan.
9. “The Exporter, et al.” means an exporter, intermediary trader or technology provider under the Export Contracts, et al.

Chapter 2. Scope of Indemnity

(Risks to be indemnified)

Article 3.

NEXI shall indemnify the losses suffered by the insured who is unable to collect the Loan, etc. due to a reason which falls under any of the following Items, in accordance with these Policy Conditions (which term shall hereinafter be deemed to include the provisions of any special agreements entered into in conjunction with these Policy Conditions; the same shall apply hereinafter).

1. The imposition of a restriction on or the prohibition of foreign exchange transactions (including foreign exchange and foreign currency remittance) in a foreign country.

2. The imposition of a restriction on or the prohibition of export or import in the host country in which the project is implemented.
3. Delay in foreign currency remittance due to a debt rescheduling agreement between the governments concerned or which is attributable to the borrower's country.
4. Legal provisions adopted in the borrower's country declaring repayments made in the local currency to be a valid discharge of the debt, regardless of the exchange rate, or any other measure or decision by the foreign government, state government or local authorities to exempt the borrower from full or partial repayment of the loan.
5. Expropriation by a foreign government, state government or local authorities.
6. Any illegal or discriminatory measure or decision by a foreign government, state government or local authorities to prevent all or part of the repayment of a debt.
7. Any economic sanction by the United Nations, other international organization or countries other than the borrower's country.
8. The occurrence of any of the following events arising outside of Japan:
 - (1) war, revolution, terrorism or other civil commotion, riot, disturbance or general strike,
 - (2) windstorm, rain storm, flood, high water, lightning strike, earthquake, volcanic eruption, tsunami, natural fire or other natural calamities,
 - (3) nuclear disaster, or

- (4) disruption to transit of goods.
- 9. In addition to the events prescribed in the preceding Items, the occurrence of any other event arising outside of Japan which is not attributable to any of the relevant parties to the Trade Proceeds Loan.
- 10. An order to commence a bankruptcy proceeding against the counterparty to the Trade Proceeds Loan (limited to cases where such decision to commence a bankruptcy proceeding has been verified by a foreign public institution).
- 11. Delay for three (3) months or more in the performance of payment obligations by the counterparty to the Trade Proceeds Loan (limited to cases where such delay is not attributable to the insured).

Chapter 3. Amount of Loss and Amount of Indemnity

(Amount of loss)

Article 4.

The amount of loss, as prescribed in the provisions of Article 3, shall be the amount not exceeding the Insurable Value, which is obtained by deducting the amounts prescribed in the following Items from the amount of the Loan, etc. which cannot be collected by the insured by the due date for repayment due to any of the reasons stipulated in each of the Items of Article 3 (or by the date falling three (3) months after the due date for repayment, in the case of the reason stipulated in Item 11 of Article 3).

- 1. The remaining amount obtained by deducting the expenses which have or

shall become necessary for exercising the claim for damages or claim for guarantee obligations, or for taking any other reasonable measures for the insured to perform its obligations to prevent or mitigate any of the losses in accordance with the provisions of Paragraph 1 or 2 of Article 16 from the amounts which the insured has obtained (excluding overdue interest) by exercising such claims or taking such measures, provided that the amount to be deducted shall not exceed the amount obtained by exercising such claims or taking such measures.

2. In addition to the amounts stipulated in the preceding Item, the amounts which it is no longer necessary for the insured to expend as a result of the occurrence of an event for which NEXI is responsible for indemnification in accordance with the provisions of Article 3.

(Amount of indemnity)

Article 5.

The amount to be indemnified by NEXI shall be the amount obtained by multiplying the balance after the amount indicated in each of the following Items has been deducted from the loss amount calculated based on the preceding Article, by the ratio of the insured amount provided for in this policy to the Insurable Value:

1. if the insured fails to fulfill its obligations stipulated in Paragraph 1 or Paragraph 2 of Article 16, the amount proved that it should have secured, or the amount proved that it should have obtained through compensation or guarantee of obligations if the insured had fulfilled such obligations; and
2. the amount of loss proved that has been compounded as a result of the

insured's failure to follow NEXI's instructions in spite of NEXI giving those instructions under Article 11.

(Exclusion)

Article 6.

In addition to the matters prescribed in Paragraph 4 of Article 19, NEXI shall not be responsible for indemnifying the following losses:

1. Any losses which were incurred due to any intentional act or omission or gross negligence on the part of the Insured, et al.
2. Any losses that occurred to the claim of the Loan, etc. when there was a violation of any laws or regulations (including foreign laws or regulations) by the policy holder or the insured in relation to the Trade Proceeds Loan.
3. Any losses that occurred to the claim of the Loan, etc. when there was a violation of the provisions about bribery under the Unfair Competition Prevention Law (Law No.47 of 1993) by the policy holder, the insured, or the Exporter, et al. in relation to the Trade Proceeds Loan or the Export Contracts, et al.
4. Any losses suffered by the insured in relation to any event indicated in any Item of Article 3 that occurred before the start date of the period of insurance obligations provided for in Paragraph 1 of Article 9.

(Nonpayment of insurance claims, return of paid insurance claims)

Article 7.

NEXI may decide not to pay all or a part of the relevant insurance claims, or may have the insured return all or a part of any insurance claims paid, in the following cases:

1. Where any losses suffered were caused by the negligence (excluding gross negligence) on the part of the Insured, et al.
2. Where the Insured, et al. has willfully or negligently failed to disclose any fact or made a false statement.
3. Where either the policy holder or the insured has violated any of the terms and conditions of these Policy Conditions.
4. Where the Insured, et al. has been deemed to be an organized crime group, member of an organized crime group (including cases where it has been less than five years since such a person cut ties with an organized crime group), associate member of an organized crime group, associated entity of an organized crime group, or other antisocial forces, or where antisocial forces or persons having a close relationship with antisocial forces (hereinafter referred to as the "Antisocial Forces, etc.") have been deemed to have effective control over or involvement in the Insured, et al., where the Insured, et al. has been deemed to have provided funds or facilities to the Antisocial Forces, etc. or where the Insured, et al. has been deemed to have socially condemnable relationships with the Antisocial Forces, etc.

(Termination of insurance contract)

Article 8.

1. In addition to the matters prescribed in Paragraph 1 of Article 19,

Paragraph 2, 3 or 9 of Article 20 and Paragraph 4 of Article 22, NEXI may terminate the relevant insurance contract in the following cases:

- (1) When either the policy holder, the insured, or the Exporter, et al. has violated the provisions about bribery under the Unfair Competition Prevention Law in relation to the Trade Proceeds Loan or the Export Contracts, et al.
- (2) Where, following the policy holder's or the insured's submission of the screening form which is provided for in the "Guidelines on Environmental and Social Considerations in Trade Insurance", and based on the said Guidelines, the relevant project should have been classified as a Category A or B Project but instead was actually classified as a Category C Project because the Insured, et al. had made a false statement in all or part of the descriptions in the screening form or omitted any of the descriptions either by willful act or omission or the negligence of the Insured, et al.
- (3) When either the policy holder or the insured has violated any of the terms and conditions of these Policy Conditions.
- (4) Where the Antisocial Forces, etc. have been deemed to have effective control over or involvement in the Insured, et al., where the Insured, et al. has been deemed to have provided funds or facilities to the Antisocial Forces, etc. or where the Insured, et al. has been deemed to have socially condemnable relationships with the Antisocial Forces, etc.

2. In applying Item 2 of the preceding Paragraph, if there is (are) (an)other

lender(s) who co-finance(s) with the insured under the Trade Proceeds Loan and any such lender has entered into (an)other insurance contract(s) under these Policy Conditions, any intentional or negligent act of the Insured, et al. in relation to the other insurance contract(s) shall be deemed to also be the intentional or negligent act of the insured.

3. Unless otherwise provided herein, termination under each Item of Paragraph 1 and any other termination of the insurance contract shall be effective as at and after the date or time of termination only.
4. The policy holder may terminate the insurance contract where the policy holder becomes aware of the occurrence of any event indicated in any Item of Article 3 (excluding events the policy holder was aware of at the time of the conclusion of the insurance contract) before the start date of the period of insurance obligations stipulated in Paragraph 1 of the following Article, but only if the policy holder has notified NEXI of that fact in writing without delay. In this case the insurance contract shall be deemed to be retroactively invalid as from the date of the conclusion of the insurance contract.

(Period of insurance obligations)

Article 9.

1. The insurance obligations of NEXI shall commence on the date on which the relevant Trade Proceeds Loan Claims, etc. were acquired or the date on which the relevant insurance contract was concluded, whichever occurs later.

2. The insurance obligations of NEXI shall end on the due date for repayment of the Trade Proceeds Loan Claims, etc.

Chapter 4. Obligations of the Policy Holder or the Insured

(Obligation to notify NEXI of other insurance contracts)

Article 10.

If either the policy holder or the insured becomes aware of the existence of any other insurance contracts which provide indemnity for similar risks as those covered by these Policy Conditions in respect of the Trade Proceeds Loan, either the policy holder or the insured, as the case may be, shall notify NEXI of such other insurance contracts in writing within one month after the date on which such knowledge was gained and before any request for payment of insurance claims.

(Obligation to follow instructions)

Article 11.

NEXI may give instructions to the insured on matters concerning Trade Proceeds Loan Claims, etc. and the insured shall follow those instructions.

(Obligation to notify NEXI of the amount to be repaid and due date for repayment)

Article 12.

Except as specified in Buyer's Credit Insurance Operating Regulations (April 1, 2017, 17-Scheme-00046), the policy holder or the insured shall, when the amount of repayment and due date for repayment of all or a part of the Loan, etc. are

ascertained, notify NEXI of that effect in writing within one month of the date on which they are ascertained.

(Obligation of Protection of Loan Claims)

Article 13

The insured shall endeavor to manage and protect the Trade Proceeds Loan Claims, etc. with as much care as for its other claims.

(Obligation to notify NEXI of events which would increase the possibility of a loss being incurred)

Article 14.

If the insured becomes aware of any event which would increase the possibility of any loss as stipulated in the Buyer's Credit Insurance Procedural Rules (April 1, 2017, 17-Scheme-00037, hereinafter referred to as the "Procedural Rules") before the due date for repayment, the insured shall notify NEXI of that effect in writing, as a rule, within 15 days after the date on which such knowledge was gained.

(Obligation to notify NEXI of the occurrence of losses)

Article 15.

1. If the insured becomes aware of the occurrence of any losses, the insured shall notify NEXI of that effect in writing, as a rule, within one month after the date on which such knowledge was gained (hereinafter referred to as the "Notice of Occurrence of Losses").

2. If the obligations with respect to the Trade Proceeds Loan have not been performed by the due date for repayment, and if any losses are likely to be incurred for the reason stipulated in Item 11 of Article 3, the insured shall notify NEXI of that effect in writing, as a rule, within one month after the due date for repayment (hereinafter referred to as the “Notice of Occurrence of Risks”).
3. In the case provided for in the preceding Paragraph, if no payment notice stipulated in Article 17 has been given within three months after the due date for repayment, the Notice of Occurrence of Risks shall be regarded as the Notice of Occurrence of Losses. If a notice of any partial payment of the Loan, etc. has been given, the notice of the relevant payments, combined with the Notice of Occurrence of Risks, shall be regarded as the Notice of Occurrence of Losses.

(Obligation to prevent or mitigate possible losses)

Article 16.

1. The insured shall take all reasonable measures to prevent or mitigate any possible losses with as much care as for its other claims.
2. If the insured is entitled to recover damages for all or a part of any losses incurred or entitled to claim on any guarantee obligations, the insured shall take all procedures necessary for the exercise or preservation of the claims for damages or to exercise the claim on such guarantee obligations.
3. NEXI shall indemnify the insured for any expenses incurred by him/her in performing his/her obligations prescribed in the preceding two Paragraphs;

provided, however, that the amount to be indemnified shall not exceed the amount obtained by the insured as a result of the performance of his/her obligations; provided, further, that NEXI may indemnify the insured for an amount which exceeds the said amount, should NEXI consider it necessary.

(Obligation to notify NEXI of monies collected)

Article 17.

If the insured, after giving the Notice of Occurrence of Losses or the Notice of Occurrence of Risks pursuant to the provisions of Article 15, collects any claims before making insurance claim, the insured shall notify NEXI of that effect in writing within one month after the date on which such claims were collected and before the insured makes insurance claims.

(Obligation to allow inspections)

Article 18.

1. The policy holder or the insured shall follow any request of NEXI to investigate, report, or submit materials in connection with the Trade Proceeds Loan or the Loan, etc., and allow NEXI to inspect the books, vouchers, etc. of relevance to the Trade Proceeds Loan.
2. If NEXI finds it necessary to request any inspection, reports or submission of materials to the counterparty to the Trade Proceeds Loan with respect to the Trade Proceeds Loan or the Loan, etc., the insured shall cooperate with NEXI to ensure the smooth progress of any such inspection, report or submission of materials.

3. The insured shall follow any request of NEXI to investigate, report, or submit materials in connection with the business or assets of the insured, and allow NEXI to inspect any books, vouchers and other items pertaining to such business or assets, in order to preserve any claims pertaining to the amount to be paid under the provisions of Paragraph 7 of Article 31.

(Violations of disclosure obligation)

Article 19.

1. NEXI may terminate an insurance contract if, on the date on which such insurance contract was concluded, the Insured, et al. has not disclosed to NEXI any material fact which may cause losses to be incurred by the Insured, et al. or which may affect the eligibility for the Buyer's Credit Insurance, or has made any false statement as to such a fact to NEXI, either through a willful act or omission or negligence.
2. The termination right prescribed in the preceding Paragraph shall be extinguished if such right is not exercised within two months after the date on which NEXI first obtained knowledge of the occurrence of an event which would allow such termination.
3. In applying Paragraph 1, if there is/are any other lender(s) who co-finance(s) with the insured under the Trade Proceeds Loan and any such lender has entered into (an)other insurance contract(s) under these Policy Conditions, any intentional or negligent act of the Insured, et al. under the other insurance contract(s) shall be deemed to also be the intentional or negligent act of the insured.

4. Even if NEXI has terminated the insurance contract in accordance with Paragraph 1 after the insured has incurred losses, NEXI shall not be liable for such losses; provided, however, that NEXI shall be liable for any losses that were incurred other than due to any material fact referred to in Paragraph 1.

(Amendment, etc. to the Trade Proceeds Loan)

Article 20.

1. If the insured has made any material amendment, etc. as defined in the Procedural Rules (hereinafter referred to as the “material amendment, etc.”) pertaining to the Trade Proceeds Loan Claims, etc. or the Loan, etc., the insured shall notify NEXI of that effect in writing within one month after the date of such amendment and also within the period of repayment, except where any such amendment, etc. is made in the absence of agreement by the insured or without any involvement of the insured.
2. NEXI may terminate the relevant insurance contract upon receipt of a notice pursuant to the provisions of the preceding Paragraph, unless NEXI has approved the relevant material amendment in writing.
3. NEXI may terminate the relevant insurance contract if NEXI has given approval in the preceding Paragraph with conditions and such conditions have not been fulfilled.
4. Any termination in accordance with the preceding two Paragraphs or Paragraph 9 below shall be effective from the date of the relevant material

amendment only, and shall not be retroactive.

5. If the insured fails to notify NEXI pursuant to the provisions of Paragraph 1, NEXI may deem the relevant insurance contract invalid retroactively to the date of the relevant material amendment.
6. The insured may request NEXI's prior approval in writing when intending to make any material amendment, etc.
7. If the insured decides to make the material amendment, etc. pursuant to NEXI's approval prescribed in the preceding Paragraph, the insured must make that material amendment within six months of the receipt of NEXI's approval.
8. The provisions of Paragraphs 2 through 4 shall not apply to any material amendments which have been made pursuant to the preceding two Paragraphs.
9. NEXI may terminate the relevant insurance contract if NEXI has added conditions to the approval in Paragraph 6, and has received the notification provided for in Paragraph 1 from the insured despite the insured's non-fulfillment of all of the conditions.

(Other reporting obligation)

Article 21

1. If any event which is stipulated in the Procedural Rules occurs with regard to the Trade Proceeds Loan Claims, etc. or the Loan, etc., the insured shall notify NEXI of such event within 15 days from the date on which the insured

became aware of such event and before the expiry date of the insurance obligation as stipulated in Paragraph 2 of Article 9.

2. If the insured has obtained financial information or other information relating to the counterparty to the Trade Proceeds Loan, the insured shall submit copies of such information to NEXI.

(Oath obligation of non-participation to the bribery act)

Article 21-2

1. The policy holder and the insured shall covenant to NEXI that they are not involved in any bribery act which violates the provisions of the Unfair Competition Prevention Law, and will not be involved in such bribery act in the future.
2. The insured shall make the Exporter, et al. covenant to NEXI that it is not involved in any bribery act which violates the provisions of the Unfair Competition Prevention Law, and will not be involved in such bribery act in the future.

Chapter 5. Insurance Premium

(Payment of insurance premium, etc.)

Article 22

1. Where the obligation of the policy holder to pay an insurance premium has arisen because the policy holder has entered into an insurance contract, has given notice stipulated in Article 12, or has made any material amendment, etc., or where the obligation of the policy holder to pay an insurance premium has otherwise arisen, the policy holder shall pay to NEXI the full amount of the insurance premium designated by NEXI on or before the date designated by NEXI, pursuant to the Provisions Concerning the Premium Rate of Trade and Investment Insurance (April 1, 2017, 17-Scheme-00070, hereinafter referred to as the “Premium Rate Provisions”).
2. If the policy holder fails to pay the full amount of the insurance premium pursuant to the provisions of the preceding Paragraph on or before the date designated by NEXI or the date on which the insurance premium shall be paid pursuant to the provisions of Paragraph 6, the policy holder, upon the request of NEXI, shall, together with the insurance premium, pay an overdue charge calculated at the rate of 10.95% per year, from the day immediately following the date designated by NEXI or the date on which the insurance premium shall be paid pursuant to the provisions of Paragraph 6 to the date of payment of the insurance premium to be made by the policy holder, except where the relevant insurance contract is terminated pursuant to the provisions of Paragraph 4.
3. If the policy holder is obliged to pay an overdue charge pursuant to the provisions of the preceding Paragraph and if the policy holder has paid an amount which is less than the total of the insurance premium and the overdue charge payable, NEXI shall apply the amount paid to the insurance premium first, and then to the overdue charge.

4. If the policy holder fails to pay either the full amount of the insurance premium designated by NEXI or the full amount of an overdue charge on or before the date designated by NEXI or the date on which the insurance premium shall be paid pursuant to the provisions of Paragraph 6, NEXI may terminate all or a part of the relevant insurance contract.
5. Any termination pursuant to the provisions of the preceding Paragraph shall become effective on the date on which such insurance contract was concluded, if the relevant insurance premium or the relevant overdue charge is payable upon conclusion of the insurance contract, or on the date on which the relevant material amendment was made, if the relevant insurance premium or the relevant overdue charge is payable at the time the relevant material amendment was made.
6. If an order to commence bankruptcy proceedings, civil rehabilitation proceedings, corporate reorganization proceedings or special liquidation proceedings, or proceedings institutionally similar to any of these proceedings under foreign laws or regulations is made with regard to the policy holder, notwithstanding the provisions of Paragraph 1, the insurance premium payment provided for in Paragraph 1 from the policy holder to NEXI shall be automatically accelerated with no need for notification, etc. by NEXI, and the policy holder shall pay the full amount of the insurance premium immediately; provided, however, that NEXI may designate a new payment due date after the acceleration.

(Refund of insurance premium)

Article 23.

1. If the insurance premium was paid on or after the date immediately following the date designated by NEXI and if NEXI has terminated the relevant insurance contract pursuant to the provisions of Paragraph 4 of Article 22, or if the insurance premium was paid on or after the date on which such insurance contract was so terminated, NEXI shall refund the amount of insurance premium.
2. If the policy holder notified the termination of the relevant insurance contract, as prescribed in Paragraph 4 of Article 8, and if the insurance premium was paid before such notification, NEXI shall refund the amount of the insurance premium.
3. If the policy holder or the insured has applied for a reduction in either the Insurable Value or the insurance period due to an amendment to the Trade Proceeds Loan, or due to some other reasonable cause, and if NEXI has approved such application, NEXI shall refund the amount of the insurance premium corresponding to the portion for which NEXI is no longer obliged to indemnify, unless otherwise specified by the Premium Rate Provisions.
4. Except for the cases stipulated in the preceding three Paragraphs, even if the relevant insurance contract has been invalidated, has lapsed or has been terminated, or even if NEXI is not responsible for indemnifying any losses incurred, NEXI shall not refund any insurance premium paid; provided, however, that all or a part of the insurance premium paid shall be refunded where specified by the Premium Rate Provisions.

Chapter 6. Payment of Insurance Claims

(Beneficiary)

Article 24

1. The insured may designate a beneficiary who will undertake the procedure for claiming payment of insurance claims on behalf of the insured and who receives insurance claims for the insured.
2. If the insured, after concluding an insurance contract, has designated, replaced or removed a beneficiary (hereinafter referred to as the “designation, etc.”), the insured shall notify NEXI of that effect in writing within one month from the date of the designation, etc. (or the day before the day on which a claim for payment of the relevant insurance is filed if such a claim is made within one month).
3. If the insured has designated a beneficiary, the insured may claim payment of insurance claims only through the beneficiary indicated in this policy.
4. If NEXI has received a claim for payment of insurance claims from the beneficiary indicated in this policy, NEXI shall pay any insurance claims to that beneficiary. In this case, NEXI shall be deemed to have paid those insurance claims to the insured, and obligations of NEXI to pay any such insurance claims shall have been satisfied.

(Claim for payment of insurance claims)

Article 25.

1. The insured or any person who intends to claim payment of the insurance claims (hereinafter referred to as the “claimant”) shall, at his/her own

expense, calculate the amount of the loss incurred and submit to NEXI a request for payment of insurance claims, together with a statement of loss, supporting evidence and any other necessary documents.

2. The claim prescribed in the preceding Paragraph shall be filed on or after the date on which the Notice of Occurrence of Losses was given pursuant to the provisions of Article 15 and within nine months after the due date for repayment (or if the losses caused by the reason stipulated in Item 11 of Article 3 are to be indemnified, on or after the date falling three months after the due date for repayment and within nine months after the due date for repayment), unless NEXI has granted a grace period for a particular claim.
3. If the claimant has failed to claim payment of an insurance claim within the period prescribed in the preceding Paragraph or within the grace period granted by NEXI, without any reasonable grounds, NEXI shall not pay any such insurance claim.
4. If NEXI requests a person who has claimed payment of the insurance claims to submit documents deemed by NEXI to be necessary for determining whether or not NEXI is responsible for an indemnity or for determining the amount of any indemnity to be paid, the person who has claimed payment of the insurance claims shall meet such request without delay.
5. Notwithstanding the provisions of Paragraphs 1 and 2 of Article 22, the claimant shall not be allowed to make an insurance claim as long as the full amount of insurance premium and overdue interest provided for in Paragraphs 1 and 2 of the said Article before making an insurance claim.

(Extinctive prescription of right to claim insurance claims)

Article 26.

1. The right to claim insurance claims shall cease to exist upon the lapse of two years after the due date of the repayment (or if loss caused by the reason stipulated in Item 11 of Article 3 are to be indemnified, on or after the date falling three months after the due date for repayment).

2. The provisions of Paragraph 5 of the preceding Article shall not preclude the establishment of extinctive prescription based on the preceding Paragraph.

(Claim for payment of insurance claims before the due date for repayment)

Article 27.

1. If it becomes certain before the due date of repayment that the insured is no longer able to collect the Loan, etc. due to the reasons prescribed in any of the Items of Article 3 by the due date for repayment, the insured may request that NEXI confirm the occurrence of loss.

2. If NEXI has confirmed in writing the occurrence of such loss pursuant to the provisions of the preceding Paragraph then, notwithstanding the provisions of Paragraph 2 of Article 25, the claim of payment of the insurance claim may be made within nine months after the date of such confirmation.

3. The amount of such loss referred to in the preceding Paragraph shall be the principal and interest accrued until the date of the confirmation prescribed in preceding Paragraph of all the loss amount calculated in accordance with

the provisions of Article 4.

(Payment of insurance claims)

Article 28.

NEXI shall pay the insurance claims within two months after the date on which the claim for payment was filed pursuant to the procedures stipulated in Paragraph 1 of Article 25, unless additional time is required for investigation.

(Relation to other insurance contracts)

Article 29.

1. If two or more insurance contracts have been concluded under these Policy Conditions with regard to the Trade Proceeds Loan, the amount of insurance claims to be paid shall be the amount to be indemnified prescribed in Article 5 in respect of the insurance contract which results in the largest amount of insurance claims being paid by NEXI from among all the insurance contracts.
2. With regard to the Trade Proceed Loan, if any insurance contract exists which indemnifies insured risks of the same kind as those indemnified under these Policy Conditions and if the total amount to be indemnified, under all applicable insurance contracts, exceeds the amount of loss, the amount of insurance claims to be paid under these Policy Conditions shall be the amount of loss prescribed in Article 4 multiplied by the ratio of the amount to be indemnified prescribed in Article 5 to the total amount to be

indemnified under all applicable insurance contracts.

Chapter 7. Recovery of Claims

(Subrogation)

Article 30.

NEXI, having paid insurance claims, shall, pursuant to the provisions of Article 42 of the Act, acquire the claims with regard to the Loan, etc. owned by the insured at the time of payment of the insurance claims multiplied by the ratio of the insurance claims paid to the remaining amount prescribed in Article 4.

(Payment of monies collected)

Article 31.

1. Notwithstanding the provisions of Article 30, even after claiming payment of insurance claims, the insured shall endeavor to collect the Loan, etc., damages, penalties or any other monetary claims of a similar nature based on the Trade Proceeds Loan for him/herself or NEXI; provided, however, that this provision shall not apply where NEXI has acknowledged that it is difficult for the insured to exercise its rights to collect such monetary claims due to an order to commence a bankruptcy proceeding against the counterparty against whom the insured should exercise such rights or for some other unavoidable reason or where the insured has authorized NEXI to exercise such rights based on the provisions of Paragraph 4 of this Article or

Paragraph 3 of Article 32.

2. The insured shall report to NEXI in writing on the performance of his/her obligations prescribed in the preceding Paragraph, except for cases where, pursuant to the proviso contained in the preceding Paragraph, NEXI has given the acknowledgement or the insured has given the authorization to NEXI.
3. If NEXI instructs the insured to take the necessary procedures for making the subrogation by NEXI prescribed in Article 30 enforceable against the counterparty to the Trade Proceeds Loan or any other third party under the laws of the country of residence of such other party, the insured shall follow such instructions.
4. If the insured has performed the obligations prescribed in the preceding Paragraph, the insured shall authorize NEXI to exercise its rights to enforce the claims relating to the relevant insured risk which are owned by the insured.
5. The insured, in giving the authorization prescribed in the preceding Paragraph, shall follow the Trade Insurance Common Operating Regulations (April 1, 2017, 17-Scheme-00069; hereinafter referred to as the “Common Operating Regulations”), with regard to procedural matters such as the manner of allocating any money collected as a result of the exercise of such rights.
6. NEXI shall reimburse the insured for the expenses incurred by him/her in performing the obligations prescribed in Paragraph 1 up to an amount not exceeding the amount collected by the insured; provided, however, that

NEXI may reimburse an amount exceeding the amount collected by the insured should NEXI consider it necessary.

7. If any amount of monies was collected after the claim for payment of insurance claims was filed, the insured shall notify NEXI of that effect within one month after the date of collection (or if the date of collection falls on or before the date on which the relevant insurance claim was paid, the date of payment of the relevant insurance claims), and shall pay to NEXI the amount calculated by using the following formula as designated by NEXI on or before the date designated by NEXI:

$$\text{(Amount of monies collected -A)} \quad \times \quad \frac{\text{Amount of insurance claims paid}}{\text{Amount of loss under Article 4}} \quad - \quad \text{B}$$

“A” stands for the expenses for the performance of the obligations prescribed in Paragraph 1 (limited to the amount approved by NEXI).

“B” stands for the lesser of the following amounts: (i) the amount obtained by:

deducting the amount already allocated to the insured from the amount calculated by multiplying the amount "(a)" by the ratio of the insurance claims paid to the amount of loss under Article 4. Amount "(a)" is obtained by:

deducting the amount of overdue interest collected on or before the date on which the claim for payment of insurance claims was filed (excluding any overdue interest on principal amounts collected before claiming payment of

the insurance claims) from the amount obtained by multiplying the amount of loss under Article 4 by an interest rate separately designated by NEXI under the Common Operating Regulations for the period from the date immediately following the due date for repayment (or if NEXI has confirmed the occurrence of loss under the provisions of Paragraph 1 of Article 27, the date of that confirmation) to the date of payment of the relevant insurance claims (or, if any monies were collected on or before the date of payment of the insurance claims, the date of such collection); (ii) the amount calculated by deducting "A" from the amount of monies collected multiplied by the ratio of the insurance claims paid to the amount of loss under Article 4.

8. If the insured has failed to notify NEXI of the matters prescribed in the preceding Paragraph within the period prescribed in the preceding Paragraph, the insured shall pay to NEXI, on or before the date designated by NEXI, a penalty in the amount to be paid under the provisions of the preceding Paragraph (hereinafter referred to as the "collected money to be paid") multiplied by 10.95% per year for the period from the date immediately following the date on which the relevant monies were collected (or if such collection was made on or before the date on which the insurance claims were paid, the date of payment of those insurance claims) to the date on which the insured actually gave such notice.
9. If the insured fails to pay to NEXI the amount due under the provisions of Paragraphs 7 or 8, on or before the day immediately following the date designated by NEXI, the insured shall, in addition to the amount due, pay, at the request of NEXI, overdue interest calculated by multiplying the amount due by 10.95% per year for the number of days from the date

designated by NEXI to the date of payment to NEXI.

10. If the insured is obliged to pay penalty amounts and overdue interest under the provisions of the preceding two Paragraphs and if the insured has paid an amount less than the full amount of collected money to be paid, penalty amounts and overdue interest, NEXI shall apply the amount paid first for the collected money to be paid, then to the penalty amounts, and then to the overdue interest.

(Exercise of rights by NEXI)

Article 32.

1. At any time prior to the payment of insurance claims, should NEXI consider it necessary to exercise the rights pertaining to the claims in relation to the insured risk by itself, NEXI may request that the insured authorize NEXI to exercise the rights pertaining to such claims.
2. At any time after NEXI has been subrogated under the provisions of Article 30, should NEXI consider it necessary to exercise the rights pertaining to the claims in relation to the insured risk by itself, NEXI may request that the insured authorize NEXI to exercise the rights pertaining to the claims owned by the insured in relation to the insured risk.
3. If the insured receives from NEXI a request as mentioned in the preceding two Paragraphs, the insured shall meet such request unless there is a reasonable reason not to do so.
4. The provisions of Paragraph 5 of Article 31 shall apply, mutatis mutandis, in relation to any authorization given pursuant to the provisions of the

preceding Paragraph, for the procedural matters such as the manner of allocating the monies collected through the exercise of rights.

5. NEXI, when authorized to exercise the rights concerning claims in relation to the insured risk under the provisions of Paragraph 3 of this Article or Paragraph 4 of Article 31, may also authorize a third party to exercise such rights.

Chapter 8. Miscellaneous Provisions

(Conversion rate)

Article 33.

1. In these Policy Conditions, the foreign exchange rate applied to the conversion of a foreign currency into Japanese yen, Japanese yen into a foreign currency, or a foreign currency into another foreign currency shall be determined in accordance with the following Items:
 - (1) In the case of the conversion of a foreign currency into Japanese yen, the opening customer spot rate for TT Buying quoted by a bank (being a bank as defined in Paragraph 1 of Article 2 of the Banking Act (Act No.59 of 1981); the same shall apply hereinafter), on which NEXI has approved (the same shall apply hereinafter).
 - (2) In the case of the conversion of Japanese yen into a foreign currency, the opening customer spot rate for TT Selling quoted by a bank.
 - (3) In the case of the conversion of one foreign currency into another

foreign currency, the opening rate of conversion between the relevant currencies quoted by a bank.

2. If the Loan, etc. is denominated in a foreign currency, the Insurable Value, amount of loss under Article 4 and amount to be indemnified under Article 5 shall be converted into Japanese yen at the foreign exchange rate prescribed in Item 1 of the preceding Paragraph prevailing on the respective dates given in the following Items, unless otherwise specified by NEXI (and the same shall apply to Paragraphs 3 through 5 of this Article):

(1) in the case of the Insurable Value, on the date on which the relevant contract regarding the Trade Proceeds Loan Claims, etc. was concluded (or if (a) the amount of the Loan, etc. was increased after the conclusion of the insurance contract, or if (b) the denomination of the Loan, etc. was changed from Japanese yen to a foreign currency, or from a foreign currency to another foreign currency, the Insurable Value of such increased portion in (a) and the Insurable Value in (b) shall be converted on the date on which such change was made, the same shall apply hereinafter in this Paragraph);

(2) in the case of the amount of loss under Article 4 and the amount to be indemnified under Article 5, on the date on which the relevant contract regarding the Trade Proceeds Loan Claims, etc. was concluded or the due date for repayment, whichever has a higher yen value (this would apply to those cases in which the foreign exchange rate for the foreign currency in which the relevant Loan, etc. is denominated vis-à-vis Japanese yen in Japan became lower).

3. If the currency of the amount stipulated in each Item of Article 4 is different from the currency of denomination of the Loan, etc. (including Japanese yen; hereinafter referred to as the “denominated currency”), the relevant amount shall be converted into the denominated currency at the foreign exchange rate provided for in any of the Items of Paragraph 1 of this Article prevailing on the date on which such amount was ascertained; provided, however, that if the expenses prescribed in Item 1 of Article 4 was paid by buying the relevant amount of currency with the denominated currency, the conversion rate used to buy such currency shall be applied.
4. In paying the money collected pursuant to the provisions of Paragraph 7 of Article 31, if the money collected is denominated in a currency which is different from the denominated currency, such money shall be converted into the denominated currency at the foreign exchange rate provided for in any of the Items of Paragraph 1 of this Article prevailing on the date on which such collection was acknowledged.
5. The expenses to be borne by NEXI prescribed in Paragraph 3 of Article 16 or Paragraph 6 of Article 31 shall be converted in accordance with the provisions of the following Items:
 - (1) If the expenses prescribed in Paragraph 7 of Article 31 are denominated in a currency which is different from the denominated currency, such expenses shall be converted into the denominated currency at the foreign exchange rate prescribed in any of the Items of Paragraph 1 of this Article prevailing on the date on which the amount of such expenses was ascertained; provided, however, that, if such expenses were paid by buying the currency in which such

expenses were denominated with the denominated currency, the conversion rate used to buy such currency shall be applied; or

(2) If the expenses to be borne by NEXI are claimed by a method other than as provided for in Item 1 of Article 4 or Paragraph 7 of Article 31, and if such expenses are denominated in a foreign currency, such expenses shall be converted into Japanese yen at the foreign exchange rate prescribed in Item 1 of Paragraph 1 of this Article prevailing on the date on which the amount of such expenses was ascertained; provided, however, that if the expenses were paid by buying the currency in which such expenses were denominated with Japanese yen, the conversion rate used to buy such currency shall be applied.

6. If no foreign exchange rate prescribed in any Item of Paragraph 1 of this Article was quoted on any of the dates described in Paragraph 2 through 5 of this Article, the foreign exchange rate on the first day before such date on which the relevant foreign exchange rate was quoted shall be applied.
7. With respect to a foreign currency whose foreign exchange rate prescribed in any Item of Paragraph 1 of this Article is not quoted, the conversion rate with other currency as an intermediate currency shall be applied.
8. Notwithstanding the provisions of Paragraph 2 through 7 of this Article, if NEXI considers it necessary, the conversion rate designated by NEXI shall be applied.

(Assignment of object insured or rights to claim insurance claims)

Article 34.

1. If the insured intends to assign the object insured or any rights to claim insurance claims with respect to any insurance contract under these Policy Conditions, the insured and the assignee shall jointly obtain the prior approval of NEXI.
2. NEXI may attach conditions when giving the approval prescribed in the preceding Paragraph.

(Assignment, etc. of loan claims after the payment of insurance claims)

Article 35.

1. If the insured intends to assign the insured's portion of the loan claims related to the insured risk after the date of payment of insurance claim, the insured and the assignee shall jointly obtain the prior approval of NEXI.
2. NEXI may attach conditions when giving the approval prescribed in the preceding Paragraph.

(Creation of a pledge or security by way of assignment)

Article 36.

1. If the insured intends to create a pledge or security by way of assignment on the object insured or any rights to claim insurance claims with respect to any insurance contract under these Policy Conditions, the insured shall obtain the prior approval of NEXI jointly.
2. NEXI may attach conditions when giving the approval prescribed in the

preceding Paragraph.

(Trust of object insured or rights to claim insurance claims)

Article 37.

1. If the insured intends to entrust (including self-declaration of trust) any object insured or any rights to claim insurance claims with respect to any insurance contract under these Policy Conditions, for the purpose of securitizing loan claims, the insured and the prospective trustee shall jointly obtain the prior approval of NEXI.
2. NEXI may attach conditions when giving the approval prescribed in the preceding Paragraph.
3. If the insured intends to amend documents that prescribe the contents of trust, etc. under the provisions of Paragraph 1, the insured shall obtain the prior approval of NEXI.

(Procedural matters)

Article 38.

In addition to the matters prescribed in these Policy Conditions, procedural matters pertaining to insurance contracts shall be determined separately by NEXI under the Procedural Rules.

(Governing law)

Article 39.

Matters not prescribed in these Policy Conditions shall be governed by the Act,

orders issued thereunder and the other laws or regulations of Japan.

Supplementary Provisions

These Policy Conditions shall come into force as of April 1, 2017.