[UNOFFICIAL TRANSLATION]

This document is an unofficial translation. The only Japanese text has contractual value.

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

**Export Credit Insurance Policy Conditions**

April 1, 2001 01-System-00001

Amended in part on February 1, 2002

**Chapter 1. General Provisions**

**(Contents of these policy conditions)**

**Article 1.**

These policy conditions shall be the insurance policy conditions applicable to General Export Insurance, Export Proceeds Insurance and Intermediary Trade Insurance under the provisions of the Trade and Investment Insurance Law (Law No. 67 of 1950) (hereinafter referred to as the "Law").**Chapter 2. Scope of Indemnity**

**(Risks to be indemnified)**

**Article 2.**

Nippon Export and Investment Insurance (hereinafter referred to as “NEXI”), an independent administrative institute, shall indemnify, in accordance with these Policy Conditions, for losses prescribed in the insurance contracts and special agreements which fall under any of the following items:

(1) The losses suffered by the insured by being unable to export cargoes or by being unable to sell or lease cargoes in intermediary trade under the export contract, technology and service supply contract or intermediary trade contract (hereinafter referred to as the "export contract, etc.") stipulated in this policy (including any substitutive documents; the same shall apply hereinafter) due to any of the reasons stipulated in items (1) through (11) of Article 3 (including cases where the said cargoes could not be exported or the said cargoes in intermediary trade could not be sold or leased by the day two months after the due date for shipping prescribed in the export contract, etc. if the export of the said cargoes or the sale or the lease of the said cargoes in intermediary trade is recognized as being adversely affected by the occurrence of any of the reasons stipulated in items (1) through (5) of Article 3), provided that losses caused by a reason occurred in the shipping country of the cargoes in intermediary trade which falls under any of the items (1), (3) and (5) through (7) of Article 3 shall be excluded.

(2) The losses suffered by the insured who exported cargoes or sold or leased cargoes in intermediary trade under the export contract, etc. (that is, the insured who shipped cargoes, or, in cases where the cargoes are to be delivered to the other party to the export contract, etc. before shipment, the insured who delivered the cargoes to the said other party; the same shall apply hereinafter) by being unable to collect the proceeds of or the lease charges for the said cargoes or the cargoes in intermediary trade due to a reason which falls under any of the items (1) through (7), (10) and (12) of Article 3.

(3) The losses suffered by the insured by being obligated to bear additional freight charges or insurance premiums (including cases where the insured is unable to be reimbursed for the above charges or premiums from the other party to the relevant export contract, etc.) arising from a change in the scheduled voyage or route (hereinafter referred to as “scheduled voyage, etc.”) pertaining to export cargoes or cargoes in intermediary trade (hereinafter referred to as “export cargoes, etc.”) prescribed in the relevant export contract, etc. due to any one of the reasons stipulated in items (1) through (8) of Article 3, provided that losses caused by any reason occurred in the shipping country of the cargoes in intermediary trade which falls under items (1), (3) and (5) through (7) of Article 3 shall be excluded.

(4) The losses suffered by the insured who started to supply the technology a service or related labor services under the technology a service supply contract stipulated in this policy (hereinafter referred to as the "supply of the technology, etc.") by being unable to collect consideration for the said supply, if the said consideration has been confirmed between the parties to the said contract, due to a reason which falls under any one of the items (1) through (7), (10) and (12) of Article 3.

1. The losses suffered by the insured who provided any funds under the export proceeds loan contract or intermediary trade proceeds loan contract stipulated in this policy (hereinafter referred to as the "loan contract") by being unable to collect the said funds due to a reason which falls under any one of the items (1) through (7), (10) and (12) of Article 3.

**(Reasons for indemnity)**

**Article 3.**

The reasons for indemnity stipulated in Article 2 shall be as follows:

(1) Imposition of restriction on or prohibition of foreign exchange transactions in a foreign country;

(2) Imposition of restriction on or prohibition of imports in a destined country;

(3) Interruption of foreign exchange transactions due to war, revolution or civil war in a foreign country;

1. Inability to import goods into a destined country due to war, revolution or civil war in the destined country;

(5) Interruption of transportation to a destined country due to an event occurred outside of Japan;

(6) Delay in foreign currency remittance due to a debt rescheduling agreement between the governments concerned or which is attributable to a paying country;

(7) In addition to the events prescribed in the preceding items, any other occurrences arising outside of Japan which is not attributable to the relevant parties to the export contract, etc. or loan contract (excluding cases where any import permit or foreign exchange quota required at the time of conclusion of the relevant insurance contract cannot be obtained and where the relevant import permit has become invalid due to a condition attached to such import permit or the expiry of effective term of such import permit specified therein at the time of conclusion of the relevant insurance contract);

(8) Imposition of export restriction or prohibition under the Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), excluding any prohibition pursuant to the provisions of Article 25-2 or Article 53 of the same law, or imposition of restriction or prohibition of sale or lease of cargoes in intermediary trade under the same law, excluding any prohibition pursuant to the provisions of Article 25-2 of the same Law;

(9) Unilateral cancellation of the relevant export contract, etc. by the other party to the contract where such other party is a foreign government, foreign local governmental entity or equivalent body, or termination of the relevant export contract, etc. by the insured due to any one of the following reasons (limited to such cases where the reason is not attributable to the insured):

 a) Any request for changes in the conditions prescribed in the relevant export contract, etc. is made by the other party to the export contract, etc. (limited to cases where the expected amount of increase in the expenditures incurred for any remodeling associated with such changes on the side of the insured is considered to exceed the amount equivalent to the profit which would have been obtained by the insured through export of cargoes or through sale or lease of cargoes in intermediary trade under the relevant export contract, etc.).

b) Any request for extension of the due date for settlement or the due date for shipment prescribed in the relevant export contract, etc. by one year or more is made by the other party to the export contract, etc.

 c) Payment of the amount, which should have been settled before shipment of cargoes under the export contract, etc. has been delayed for one (1) year or more.

 d) In addition to items a) through c) above, any reason substantially similar to any of those items;

(10) Bankruptcy of the other party to the export contract, etc. or loan contract (limited to cases where such bankruptcy has been verified by a foreign public institution and confirmed by a Japanese public institution in a foreign country);

(11) Any reason which is substantially similar to bankruptcy of the other party to the export contract, etc. (limited to cases where decision to commence composition has been made or where any other fact of insolvency has been clarified by a foreign public institution and confirmed by a Japanese public institution in a foreign country); or

(12) Delay for three(3) months or more in the payment obligations by the other party to the export contract, etc. or loan contract (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 for the risks to be indemnified, as prescribed in item (1) of Article 2, shall be the amount not exceeding the insurable value, which is obtained by deducting the amounts prescribed in the respective items of Article 5 from proceeds of cargoes which cannot be exported by the insured or proceeds or lease charges of cargoes in intermediary trade which cannot be sold or leased by the insured due to any one of the reasons stipulated in items (1) through (11) of Article 3. The said proceeds or lease charges shall be those which are stipulated in the export contract, etc.

The said cargoes and cargoes in intermediary trade shall include those cargoes which could not be exported or those cargoes in intermediary trade which could not be sold or leased by the day two (2) months after the due date for shipment prescribed in the relevant export contract, etc. in cases where such export or such sale or lease is considered to have become materially difficult due to any one of the reasons stipulated in items (1) through (5) of Article 3.

2. The amount of loss for the risks to be indemnified, as prescribed in items (2), (4) or (5) of Article 2, shall be the amount not exceeding of the insurable value, which is obtained by deducting the amounts prescribed in items (1) through (3) and (5) of Article 5 from the amount of any proceeds, lease charges, consideration or loan amounts which cannot be collected by the insured by the due date for settlement or repayment due to any one of the reasons stipulated in items (1) through (7), (10) or (12) of Article 3 or which cannot be collected by the insured by the day three (3) months after the due date for settlement or repayment due to a reason stipulated in item (12) of Article 3.

3. The amount of loss for the risks to be indemnified, as prescribed in item (3) of Article 2, shall be the remaining amount which is obtained by deducting the amounts prescribed in items (2) and (3) of Article 5 from the remaining amount calculated by deducting the amount of freight or insurance premium which should have been borne by the insured if no such reason had occurred from the amount of freight or insurance premium actually borne by the insured in cases where there was any change in the voyage or route due to any reason stipulated in item (3) of Article 2.

**(Amounts to be deducted for the purpose of calculating amount of loss)**

**Article 5.**

The amounts to be deducted in accordance with the provisions of the respective paragraphs of Article 4 shall be the amounts prescribed in the following respective items:

(1) The remaining amount obtained by deducting the expenses which have or shall become necessary for disposing of export cargoes, etc. by the insured under the provisions of Paragraph 1 of Article 15 from the amount which the insured has obtained or shall obtain from such disposal. (In cases where the insured has not disposed of the export cargoes that cannot be exported or the cargoes in intermediary trade that cannot be sold or leased, the remaining amount obtained by deducting the reasonable expenses which have become necessary for storing the relevant cargoes for a two-month period calculated from the date when such export or such sale or lease could not be performed from the appraised value of the relevant cargoes as of the date two months after the date on which such export or such sale or lease became impossible).

(2) In addition to the amount stipulated in the preceding item, the remaining amount obtained by deducting the expenses which have or shall become necessary for exercising the claim for damages or for taking any other reasonable measures to allow the insured to perform the obligations to prevent or mitigate any of the losses in accordance with the provisions of Paragraph 1 or Paragraph 2 of Article 15 from the amounts which the insured has obtained or shall obtain by taking such measures. (In cases where the cargoes under the supply contract have not been delivered due to termination or cancellation of said supply contract or due to the insured’s taking any other similar measures, the remaining amount obtained by deducting the amounts, including any penalties, deposits, damages, etc. which have or should have been paid by the insured to the other party to the relevant supply contract for such termination, cancellation, etc. from the amount of proceeds of the cargoes under said supply contract).

(3) In addition to the amounts stipulated in the preceding two items, the amounts which are no longer necessary to be expended by the insured as a result of the occurrence of an event for which NEXI is responsible for indemnification in accordance with the provisions of Article 2.

(4) The amount of profit which should have been obtained by the insured by exporting export cargoes or selling or leasing cargoes in intermediary trade, but not exceeding the portion of the profit pertaining to the relevant cargoes.

(5) In cases where NEXI has given any instructions to the insured in accordance with the provisions of Paragraph 2 of Article 11, the amount of loss which is considered to have increased due to the insured’s failing to observe such instructions.

**(Amount of indemnity)**

**Article 6.**

The amount of indemnity which NEXI is obligated to provide shall be the amount calculated in accordance with the following respective items based on the amount of loss calculated under the provisions of Article 4 and Article 5.

1. With regard to the risks to be indemnified, as prescribed in item (1) of Article 2, the amount to be indemnified by NEXI shall be the amount of loss multiplied by the respective ratios given below, but not exceeding the insured amount:
2. Ninety-five hundredths (95/100), in cases where the event falls under any one of items (1) through (8) of Article 3.
3. Eighty hundredths (80/100), in cases where the event falls under any one of items (9) through (11) of Article 3.

(2) With regard to the risks to be indemnified, as prescribed in items (2), (4) and (5) of Article 2, the amount to be indemnified by NEXI shall be the amount of loss multiplied by the ratio of the insured amount to the insurable value, but not exceeding the following respective ratios:

 a) Ninety-seven point five hundredths (97.5/100), in cases where the event falls under any one of items (1) through (7) of Article 3.

 b) Ninety hundredths (90/100), in cases where the event falls under either item (10) or (12) of Article 3.

(3) With regard to the risks to be indemnified, as stipulated in item (3) of Article 2, the amount to be indemnified by NEXI shall be the amount of loss multiplied by ninety-five hundredths (95/100), but not exceeding the insured amount.

**(Exclusion)**

**Article 7.**

NEXI shall not be responsible for indemnifying the following losses:

(1) With regard to the risks to be indemnified, as stipulated in item (1) or (3) of Article 2, any losses which were incurred due to any willful act or omission or gross negligence on the part of the policy holder, the insured or any party entitled to receive the insurance claims or any agent or employee of such parties, or any party with whom the relevant export contract has been concluded, but excluding cases which were caused by a reason stipulated in items (9) through (11) of Article 3.

(2) With regard to the risks to be indemnified, as stipulated in item (2), (4) or (5) of Article 2, any losses which were incurred due to any willful act or omission or gross negligence on the part of the policy holder, the insured or any party entitled to receive the insurance claims or any agent or employee of such parties.

(3) Any loss of or damage to the cargoes, seizure of the cargoes or other losses incurred in relation to the cargoes, including such losses as general average, salvage fees and other losses which are normally indemnified by marine insurance.

(4) Any losses suffered by the insured in respect to claimable assets obtained through violation of any laws and regulations (including foreign laws and regulations).

**(Nonpayment of insurance claims, return of paid insurance claims and termination of insurance contract)**

**Article 8.**

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

(1) With regard to the risks to be indemnified, as prescribed in item (1) or (3) of Article 2, in cases where any losses suffered were caused by negligence (excluding gross negligence) on the part of the relevant policy holder, the insured or any party entitled to receive the insurance claims, or any agent or employee of such parties, or the other party to the relevant export contract, etc. (excluding cases which were caused by any event falling under any one of the items (9) through (11) of Article 3);

(2) With regard to the risks to be indemnified, as prescribed in item (2), (4) or (5) of Article 2, in cases where any losses suffered were caused by negligence (excluding gross negligence) on the part of the relevant policy holder, the insured or any party entitled to receive the insurance claims, or any agent or employee of such parties;

(3) When either the policy holder or the insured has willfully or negligently failed to disclose any fact or made a false statement, in connection with the relevant insurance; or

(4) In addition to the situations prescribed in the preceding items, when either the policy holder or the insured has violated any of the terms and conditions of these Policy Conditions.

**(Period of insurance obligations)**

**Article 9.**

The insurance obligations of NEXI shall commence on the day prescribed in the following items:

(1) With regard to the risks to be indemnified, as prescribed in item (1) or (3) of Article 2, the day on which five (5) days elapsed after the relevant insurance contract had been concluded (the day on which the relevant insurance contract was concluded in cases where NEXI has specifically committed to comprehensively conclude an insurance contract with regard to an export contract, etc. concluded during a certain period of time by the exporter, etc., pertaining to the goods in certain categories);

(2) With regard to the risks to be indemnified, as prescribed in item (2) of Article 2, the date on which export cargoes were exported or cargoes in intermediary trade were sold or leased under the relevant export contract or intermediary trade contract;

(3) With regard to the risks to be indemnified, as prescribed in item (4) of Article 2, the date on which the amount of the consideration was confirmed; or

(4) With regard to the risks to be indemnified, as prescribed in item (5) of Article 2, the date on which the relevant loan was extended under the relevant loan contract.

2. The insurance obligations of NEXI shall end on the day prescribed in the following items:

(1) With regard to the risks to be indemnified, as prescribed in item (1) or (3) of Article 2, the last day of the period during which NEXI shall be obligated to indemnify the relevant insured risks prescribed in the relevant insurance contract;

(2) With regard to the risks to be indemnified, as prescribed in item (2) of Article 2, the due date for settlement prescribed in the relevant export contract or intermediary trade contract;

(3) With regard to the risks to be indemnified, as prescribed in item (4) of Article 2, the due date for settlement prescribed in the relevant technology supply contract; or

(4) With regard to the risks to be indemnified, as prescribed in item (5) of Article 2, the due date for repayment prescribed in the relevant loan contract.

3. Should any of the events falling under any of the items of Article 3 take place prior to the commencement of the obligations prescribed in Paragraph l above, NEXI shall not be responsible for indemnifying any losses incurred due to such event.

**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 this policy with regard to the export contract, etc. or loan contract stipulated in this insurance policy, either the policy holder or the insured, as the case may be, shall notify NEXI of such other insurance contracts within one month after the date on which when such knowledge was gained, provided that different provisions to be provided for by NEXI shall be applied in cases where NEXI has specifically committed to comprehensively conclude an insurance contract with regard to an export contract, etc. concluded during a certain period of time by the exporter, pertaining to the cargoes in certain categories.

 **(Obligation to follow instructions)**

**Article 11.**

If NEXI has given instructions to the insured to continue manufacturing, exporting, selling and leasing goods, supplying technology, etc. and extending loans, the insured shall follow these instructions.

2. In addition to the matters stipulated in the preceding paragraph, NEXI may give instructions to the insured on other matters concerning manufacturing, exporting, selling and leasing goods, supplying technology, etc. and extending loans.

**(Obligation to notify NEXI of the amount to be settled, due date for settlement, etc.)**

**Article 12.**

In cases of an insurance contract which indemnifies the risks stipulated in item (2), (4) or (5) of Article 2, the policy holder or the insured shall, when the amount to be settled and due date for settlement or the amount of repayment and due date for repayment with regard to all or a part of the proceeds, lease charges, consideration or loans (hereinafter referred to as the "proceeds, etc.") are ascertained, notify NEXI of that fact in writing within one month after the date on which they are ascertained, unless otherwise specified by NEXI.

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

**Article 13.**

If the insured becomes aware of any event which would increase the possibility of loss being incurred before the due date for settlement or the due date for repayment, the insured shall notify NEXI of that fact in writing, in principle, within one month after the date on which such knowledge was gained.

**(Obligation to notify NEXI of the occurrence of losses)**

**Article 14.**

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

2. If the obligations under the export contract, etc., or loan contract have not been performed by the due date for settlement or the due date for repayment under such contracts, and if any losses are likely to be incurred for the reason stipulated in item (12) of Article 3, the insured shall notify NEXI of that fact in writing, in principle, within one month after the due date for settlement or the due date for repayment (hereinafter referred to as “Notice of Occurrence of Risks”).

3. In the case provided for in the preceding paragraph, if no payment notice stipulated in Article 16 has been given within three months after the due date for settlement or 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 payments of the proceeds, 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 15.**

The insured shall take all reasonable measures to prevent or mitigate any possible losses by taking the same precautions with respect to matters related to the relevant export contract, etc. or loan contract as would be taken with respect matters related to other his/her active debts.

2. If the insured is entitled to recover damages for all or a part of any losses incurred, the insured shall take all procedures necessary for the exercise or preservation of the claim for damages.

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 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.

4. If the insured fails to perform his/her obligations stipulated in Paragraph 1 or Paragraph 2 of this Article, NEXI shall determine the amount of indemnity based on the remaining amount after deducting the amount of loss which is considered to have been able to be prevented or mitigated or for which damages are considered to have been able to be recovered if the insured had performed such obligations.

**(Obligation to notify NEXI of monies collected)**

**Article 16.**

If the insured, after giving the Notice of Occurrence of Losses or the Notice of Occurrence of Insured Risks pursuant to the provisions of Article 14, has collected any monies before he/she requests the payment of insurance claims, the insured shall notify NEXI of that fact in writing within one month after the date on which such monies were collected.

**(Obligation to allow inspections)**

**Article 17.**

The policy holder or the insured shall follow requests of NEXI to investigate, report on, or submit materials in connection with, export cargoes, scheduled voyage, etc., supply of the technology, and service etc., export contract, etc., loan contract, supply contract or proceeds, etc., or allow inspections by the staff of NEXI handling the relevant insurance of books, vouchers, export cargoes and other items pertaining to export contract, etc., loan contract or supply contract.

2. The insured shall follow requests of NEXI to investigate, report on, or submit materials in connection with, business or assets of the insured, or allow inspections by the staff of NEXI handling the relevant insurance of books, vouchers and other items pertaining to such business or assets, based on the need to preserve any active debts pertaining to the amount of money to be paid under the provisions of Paragraph 7 through Paragraph 10 of Article 31.

**Chapter 5. Invalidity, Lapse and Termination of Insurance Contract**

**(Violations of disclosure obligation)**

**Article 18.**

NEXI may terminate an insurance contract if the policy holder or the insured has not disclosed to NEXI any material fact which may cause losses to be incurred by him/her or has made any false statement on such fact to NEXI, either by willful act or omission or negligence, when applying for the relevant insurance contract.

2. The termination right prescribed in the preceding paragraph shall extinguish if such right is not exercised within two months after the date on which NEXI first obtained knowledge of the cause for the said termination.

**(Amendment to the terms and conditions of export contract, etc. or loan contract)**

**Article 19.**

If the insured has made any material amendment to the export contract, etc., loan contract, proceeds, etc., scheduled voyage, etc. or supply of the technology, etc., the insured shall notify NEXI of that fact in writing within one month after the date of such amendment and within the period of insurance obligations. NEXI may terminate the relevant insurance contract upon receipt of the above notice, unless NEXI has approved the said amendment in writing.

2. The termination pursuant to the provisions of the preceding paragraph shall become effective only prospectively on and from the date on which the said amendment was made.

3. If the insured fails to provide the notice stipulated in Paragraph 1 of this Article, NEXI may deem the insurance contract as being invalidated as of the date on which the said amendment was made.

**Chapter 6. Insurance Premium**

**(Payment of insurance premium, etc.)**

**Article 20.**

If the policy holder has concluded an insurance contract, if the policy holder has given notice stipulated in Article 12, or if NEXI has given approval pursuant to the proviso contained in Paragraph 1 of Article 19 and the policy holder should pay insurance premium or if the policy holder otherwise must pay insurance premium, 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.

1. If the policy holder fails to pay the full amount of the insurance premium designated by NEXI on or before the date designated by NEXI, 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 date immediately following the date designated by NEXI to the date of payment, except when the relevant insurance contract is terminated pursuant to the provisions of Paragraph 4 of this Article.
2. 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 an overdue charge payable, NEXI shall apply the paid amount to the insurance premium first, and then to the overdue charge.
3. 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, NEXI may terminate all or a part of the relevant insurance contract.
4. The 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 the conclusion of the insurance contract or on the date on which the relevant amendment was made if the relevant insurance premium or the relevant overdue charge is payable at the time the approval prescribed in Paragraph 1 of Article 19 was given.

**(Refund of insurance premium)**

**Article 21.**

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 20, 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 so paid multiplied by ninety hundredths (90/100).

2. If an event prescribed in any of the items in Article 3 (excluding the event the existence of which the policy holder had already been aware of at the time of making an application for the insurance contract) occurred prior to the commencement of the period of insurance obligations and if the policy holder notified NEXI without delay of the termination of the relevant insurance contract in writing after becoming aware of that fact, the relevant insurance contract shall become invalid retroactively as of the date of its conclusion, and NEXI shall refund the amount of insurance premium multiplied by ninety hundredths (90/100).

3. If the insured has applied for reduction in either the insurable value or the insurance period due to an amendment to the content of export contract, etc. or loan contract or due to some other reasonable cause, and if NEXI has approved such application, NEXI shall, with regard to the amount of insurance premium corresponding to the portion for which NEXI has been relieved of its obligation of indemnification, refund the relevant insurance premium multiplied by ninety hundredths (90/100), unless otherwise specified by NEXI.

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 losses incurred, NEXI shall not refund any insurance premium paid, provided that all or a part of insurance premium paid shall be refunded when otherwise specified by NEXI.

**Chapter 7. Payment of Insurance Claims**

**(Beneficiary)**

**Article 22.**

The insured may designate a beneficiary who takes a 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 “designation, etc.”), the insured shall notify NEXI of that fact in writing within one month after the day on which such designation, etc. was made (if the insured claims payment of insurance claims within one month, before the day on which such claim is filed).

3. If the insured has designated a beneficiary, the insured may claim payment of insurance claims only through the beneficiary indicated on this insurance policy.

4. If NEXI has received a claim for payment of insurance claims from the beneficiary indicated on this insurance policy, NEXI shall pay insurance claims to the said beneficiary. In this case, NEXI shall be deemed to have paid insurance claims to the insured, and obligation of NEXI to pay such insurance claims shall be deemed to have ceased to exist

**(Claim for payment of insurance claims)**

**Article 23.**

The insured or any person who intends to claim payment of the insurance claims shall, at his/her own expense, calculate the amount of loss incurred and submit to NEXI a request for payment of insurance claims, together with a statement of loss, supporting evidence and other necessary documents.

2. The claim prescribed in the preceding paragraph shall be filed within the periods prescribed in the following items, unless NEXI has given a grace period for a particular claim:

(1) If losses caused by the reason stipulated in item (1) or (3) of Article 2 are to be indemnified, on or after the date on which the Notice of Occurrence of Losses was given pursuant to the provisions of Article 14 and within nine months after the date on which the occurrence of the insured risks was acknowledged.

(2) If losses caused by the reason stipulated in item (2), (4) or (5) of Article 2 are to be indemnified, on or after the date on which the Notice of Occurrence of Losses was given pursuant to the provisions of Article 14 and within nine months after the due date for settlement or the due date for repayment, provided that if losses are to be indemnified due to the reason stipulated in item (12) of Article 3, on or after the date three months following the due date for settlement or the due date for repayment and within nine months after the due date for settlement or the due date for repayment.

3. If the insured or any person who intends to claim payment of insurance claims has failed to claim payment of insurance claims 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 insurance claims.

4. If NEXI requests the insured or any person who claimed payment of insurance claims to submit documents deemed by NEXI to be necessary for determining whether or not NEXI is responsible for indemnity or for determining the amount of indemnity to be paid, the insured or such person shall meet such request without delay.

**(Extinctive prescription of right to claim insurance claims)**

**Article 24.**

The right to claim insurance claims shall cease to exist upon operation of extinctive prescription upon the lapse of two years after the dates prescribed in the following items:

1. If losses caused by any of the reasons stipulated in item (1) or (3) of Article 2 are to be indemnified, the date on which the occurrence of the insured risks was acknowledged, or
2. If losses caused by any of the reasons stipulated in item (2), (4) or (5) of Article 2 are to be indemnified, the due date for settlement or the due date for repayment, provided that, if losses are to be indemnified due to the reason prescribed in item (12) of Article 3, the date three months after the due date for settlement or the due date for repayment.

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

**Article 25.**

1. If it becomes certain that the insured is no longer able to collect the proceeds, etc. due to the reasons prescribed in any of the items in Article 3 before the due date for settlement or 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 loss pursuant to the provisions of the preceding paragraph, notwithstanding the provisions of Paragraph 2, item (2) of Article 23, the insured may claim payment of insurance claims within nine months after the date of the said confirmation.

3. The amount of loss referred to in the preceding paragraph shall be the amount calculated by the formula given below, provided that if contractual interest rate has been stipulated in the export contract, etc. or loan contract, “5.84%” in the formula shall be replaced with "contractual interest rate stipulated in the export contract, etc. or loan contract", and if the number of days from the date of confirmation to the due date for settlement or the due date for repayment exceeds 365, the amount of loss shall be calculated by the formula separately established by NEXI.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Amount of loss calculated pursuant to the provisions of Paragraph 2 of Article 4 | - | Amount of proceeds, etc. confirmed pursuant to Paragraph 1 | X |  | 1 |
| 1- |  | Number of days from date of confirmation to due date for settlement or due date for repayment |
|  | 1+5.84% |
| 365 |

 **(Payment of insurance claims)**

**Article 26.**

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 23, unless additional time is required for investigation.

**(Relation to other insurance contracts)**

**Article 27.**

l. If any export bill insurance contracts exist with regard to the relevant export contract indicated on this insurance policy and if NEXI is obligated to pay insurance claims under such export bill insurance contracts, the amount to be indemnified prescribe in Article 6 under the insurance contract concluded upon these policy conditions shall be limited to the remaining amount after deducting the amount of insurance claims under the said export bill insurance contract from the amount of loss prescribed in Article 4 multiplied by the ratio of the insured amount to the insurable value.

2. If, based on these Policy Conditions, there exist (a) an insurance contract concluded based on the specific commitment by NEXI to the effect that the said contract shall be comprehensively concluded with regard to export contracts, etc. or loan contracts which are concluded by an exporter within a specified period for the cargoes in certain categories for a single export contract, etc. or loan contract and (b) any other insurance contracts, and if NEXI is obligated to pay insurance claims under the respective insurance contracts, the amount of insurance claims shall be the amount to be indemnified under the provisions of Article 6 based on the respective insurance contracts, provided that such amount shall not exceed the amount which will be specified separately by NEXI.

3. In addition to the cases prescribed in the preceding paragraph, if two or more insurance contracts have been concluded for a single export contract, etc. or loan contract under these Policy Conditions, the amount of insurance claims shall be the amount to be indemnified prescribed in Article 6 under the insurance contract having the largest amount of insurance claims to be paid by NEXI among all the insurance contracts.

4. With regard to the export contract, etc. or loan contract indicated on this insurance policy, if any insurance contract exists which indemnifies insured risks of the same kind as those indemnified under these Policy Conditions (excluding the export bill insurance) and if the total amount to be indemnified, adding up the amount to be indemnified in the respective insurance contracts, exceeds the amount of loss, the amount of insurance claims shall be the amount of loss prescribed in Article 4 multiplied by the ratio of the amount to be indemnified prescribed in Article 6 to the said total amount to be indemnified.

**(Conditional payment of insurance claims)**

**Article 28.**

If the insured risks stipulated in item (1) of Article 2 are to be indemnified, and if the insured has not yet disposed of the export cargoes, etc. before the time when the insurance claims are paid and if reasonable amount of appraisal of the relevant cargoes is considered difficult to be ascertained in calculating the amount to be indemnified pursuant to the provisions of Article 6, NEXI may attach conditions to the payment of the relevant insurance claims.

**(Estimate payment of insurance claims)**

**Article 29.**

1. In cases where the insured risks stipulated in item (1) of Article 2 are indemnified, if the insured has not yet disposed of the export cargoes, etc. before the time when the insurance claims are paid and if a long period is considered to be required for the disposal of the relevant cargoes, notwithstanding the provisions of Article 23, any person who is entitled to claim payment of insurance claims may claim an estimated payment thereof.

2. Any person who intends to claim payment pursuant to the provisions of the preceding paragraph shall submit to NEXI a request for an estimated payment of insurance claims, together with documents evidencing the manufacturing conditions of the relevant export cargoes and other necessary documents.

3. NEXI may attach conditions to the payment of insurance claims prescribed in Paragraph 1 of this Article.

1. The provisions of Article 26 shall apply mutais mutandis to the estimated payment of the insurance claims.

**Chapter 8. Collection of Active Debts**

**(Subrogation)**

**Article 30.**

NEXI, having paid insurance claims, shall, pursuant to the provisions of Article 662 of the Commercial Code (Law No.48 of 1899) acquire the active debts with regard to the relevant proceeds, etc. owned by the insured at the time of payment of 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.**

Notwithstanding the provisions of Article 30, even after claiming payment of insurance claims, the insured shall endeavor to collect the proceeds, etc., damages, penalties or any other monetary claims of a similar nature based on the export contract, etc. or loan contract for him/herself or NEXI, except for cases where NEXI has acknowledged that it is difficult for the insured to exercise the rights to collect the said monetary claims due to the bankruptcy of the other party against whom the insured should exercise the said rights or some other unavoidable reasons or where the insured has authorized NEXI to exercise the said 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 NEXI has made the said acknowledgement or the insured has made the said authorization to NEXI pursuant to the proviso contained in the preceding paragraph.

3. If NEXI instructs the insured to take necessary procedures for making the subrogation by NEXI prescribed in Article 30 enforceable against the other party to the export contract, etc. or loan contract or other third party under the laws of the country of residence of the said 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 the rights to enforce active debts concerning the relevant insured risk, which are owned by the insured.

5. The insured shall, in giving authorization as prescribed in the preceding paragraph, follow the provisions to be prescribed separately by NEXI which shall be consistent with these Policy Conditions, with regard to the procedural matters such as the way of allocation of the collected money obtained as a result of the exercise of rights, etc.

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

7. After a claim for the payment of insurance claims has been filed, if any monies are collected through the disposal of export cargoes which became impossible to export under the relevant export contract, etc. or those cargoes in intermediary trade which became impossible to sell or lease (hereinafter referred to as the "unexportable cargoes") or those cargoes whose proceeds or lease charges become uncollectable under the relevant export contract, etc. (hereinafter referred to as the "cargoes whose proceeds are uncollectable"), the insured shall notify NEXI of that fact 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; the same rule shall apply to the following paragraph), and shall pay to NEXI the following amount designated by NEXI on or before the date designated by NEXI:

(1) If any monies are collected through the disposal of the unexportable cargoes:

|  |  |
| --- | --- |
| (Resale amount - Appraised value of the relevant cargoes - A) x  | Amount of Insurance claims paid |
| Amount of loss under Article 4 |

(2) If any monies are collected through the disposal of the cargoes whose proceeds are uncollectable:

|  |  |  |
| --- | --- | --- |
| (Resale amount - A) x  | Amount of Insurance claims paid | -B |
| Amount of loss under Article 4 |

“A” stands for the expenses for the disposal of the “unexportable cargoes” or the “cargoes whose proceeds are uncollectable” (limited to the amount approved by NEXI).

“B” stands for the smaller of the following two: (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 claim for payment of insurance claims was filed (excluding overdue interest on principal collected before claiming the payment of insurance claims) from the amount obtained by multiplying the amount of loss under Article 4 by an interest rate separately established by NEXI for the period from the due date for settlement (if NEXI has made confirmation as prescribed in Paragraph 1 of Article 25, the date of such confirmation; the same definition shall apply to the following paragraph) to the date immediately preceding the date of payment of the relevant insurance claims (or, if the cargoes whose proceeds are uncollectable was disposed of on or before the date of payment of insurance claims, the date of such disposal); or (ii) the amount calculated by deducting A from the resale amount multiplied by the ratio of the insurance claims paid to the amount of loss under Article 4.

8. In addition to the provisions of the preceding paragraph, if any amount of monies was collected after the claim for payment of insurance claims was filed, the insured shall notify NEXI of that fact within one month after the date of the collection, and shall pay to NEXI the following amount designated by NEXI on or before the date designated by NEXI:

(1) In cases of the insured risks to be indemnified which are prescribed in item (1) or (3) of Article 2;

|  |  |
| --- | --- |
| (Amount of monies collected - A) x | Amount of insurance claims paid |
| Amount of loss under Article 4 |

(2) In cases of the risks to be indemnified which are prescribed in item (2), (4) or (5) of Article 2;

|  |  |  |
| --- | --- | --- |
| (Amount of monies collected -A) x | Amount of insurance claims paid | - B |
| Amount of loss under Article 4 |

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

“B” stands for be the smaller of the following two: (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 claim for payment of insurance claims was filed (excluding overdue interest on principal collected before claiming payment of insurance claims) from the amount obtained by multiplying the amount of loss under Article 4 by an interest rate separately established by NEXI for the period from the due date for settlement or the due date for repayment to the date immediately preceding 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.

9. If the insured has delivered the relevant unexportable cargoes or cargoes whose proceeds are uncollectable to the other party to the relevant export contract, etc. after claim for payment of the insurance claim was filed, the full amount of the proceeds or the lease charges pertaining to the relevant cargoes under the relevant export contract, etc. shall be deemed to have been collected, except for cases where NEXI has given exceptional approval.

1. In cases prescribed in the preceding paragraph, the insured shall notify NEXI of that fact within one month after the date of such delivery if the date of such delivery falls on or before the date on which the insurance claims was paid, the date of payment of insurance claims), and shall pay to NEXI the following amount designated by NEXI on or before the date designated by NEXI:

(1) If the unexportable cargoes were delivered:

The amount of money calculated by using the formula prescribed in item (1) of Paragraph 7 of this Article. In this case, the term "resale amount" shall be amended to read "amount of proceeds of the cargoes delivered."

1. If the cargoes whose proceeds had been uncollectable were delivered:

The amount of money calculated by using the formula stipulated in item (2) of Paragraph 7 of this Article. In this case, the term "resale amount" shall be amended to read "amount of proceeds of the cargoes delivered."

11. In cases falling under any one of Paragraphs 7, 8 or 10, the insured who has failed to notify NEXI of the matters prescribed in the applicable paragraph within the period prescribed in that paragraph shall pay to NEXI, on or before the date designated by NEXI, a penalty in an amount to be paid under the provisions of the applicable paragraph (hereinafter referred to as “collected money to be paid”) multiplied by 10.95% per year for the period from the date on which the relevant monies were collected (if such collection was made on or before the date on which the insurance claims was paid, the date of payment of insurance claims) to the date immediately preceding the date on which the insured actually gave such notice.

1. If the insured fails to pay to NEXI the amount due under the provisions of Paragraphs 7, 8, 10 or 11 on or before the date immediately following the date designated by NEXI, the insured shall, in addition to the amount due, pay, on 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.

13. If the insured is obliged to pay penalty 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 and overdue interest, NEXI shall apply the paid amount first for the collected money to be paid, then to the penalty, and then to the overdue interest.

**(Exercise of rights by NEXI)**

**Article 32.**

l. Should NEXI consider it necessary to exercise by itself the rights pertaining to the active debts in relation to the insured risk, NEXI may request that the insured authorize NEXI to exercise the rights pertaining to such active debts, regardless of whether it is before or after the payment of insurance claims.

2. Even if NEXI has made subrogation under the provisions of Article 30, NEXI may request that the insured authorize NEXI to exercise the rights pertaining to the active debts owned by the insured in relation to the insured risk.

3. If the insured receives from NEXI a request mentioned in the preceding two paragraphs, the insured shall meet such request unless there is any reasonable reason not to do so.

1. In giving authorization pursuant to the provisions of the preceding paragraph, the provisions of Paragraph 5 of Article 31 shall apply, mutatis mutandis, to the way of allocation of the monies collected through the exercise of the rights and other procedural matters.
2. NEXI, when authorized to exercise the rights concerning active debts in relation to the insured risk under the provisions of Paragraph 3 of this Article or Paragraph 4 of Article 31, may authorize a third party to exercise such right.

**Chapter 9. Miscellaneous Provisions**

**(Conversion rate)**

**Article 33.**

In these Policy Conditions, the foreign exchange rate applied to the conversion of foreign currency into Japanese yen, Japanese yen into foreign currency, or a foreign currency into another foreign currency shall be given in the following items:

1. In case of conversion of foreign currency into Japanese yen, the opening customer spot rate for TT Buying quoted by a bank (a bank which is defined in Paragraph 1 of Article 2 of the Banking Law (Law No.59 of 1981); the same shall apply hereinafter), provided that the rate shall be the one approved by NEXI; the same shall apply hereinafter.
2. In case of conversion of Japanese yen into foreign currency, the opening customer spot rate for TT Selling quoted by a bank.
3. In case of 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 amount of proceeds, etc. or the increased amount of freight charges or insurance premiums prescribed in item (3) of Article 2 is denominated in foreign currency, the insurable value, amount of loss under Article 4 and amount to be indemnified under Article 6 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 (the same shall apply to the items (3) through (5) of this paragraph):

(1) In case of the insurable value, on the date on which the relevant export contract, etc. or loan contract was concluded (If (a) the amount of proceeds, etc. was increased after the conclusion of the insurance contract, or if (b) the denomination of the proceeds, etc. were changed from Japanese yen to a foreign currency, or 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 to the relevant export contract, etc. or loan contract.);

1. In case of the amount of loss under Article 4 concerning item (1) or (3) of Article 2 and the amount to be indemnified under Article 6, the date on which the relevant export contract, etc. was concluded; or

(3) In case of the amount of loss under Article 4 concerning item (2), (4) or (5) of Article 2 and the amount to be indemnified under Article 6, on the date on which the relevant export contract, etc. or loan contract was concluded or the due date for settlement or the due date for repayment of the proceeds, etc., whichever has a higher yen value. This applies to those cases in which the foreign exchange rate for the foreign currency expressed in the relevant export contract, etc. or loan contract vis-à-vis Japanese yen in Japan became lower.

3. If the currency of the amount stipulated in items (1) through (5) of Article 5 is different from the currency denominated in the export contract, etc. or loan contract (including Japanese yen; hereinafter referred to as the “denominated currency”), the said amount shall be converted into the denominated currency at the foreign exchange rate provided for in any of the items in Paragraph 1 of this Article prevailing on the date on which such amount was ascertained, provided that if the expenses prescribed in item (1) or (2) of Article 5 was paid by buying the said 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 or Paragraph 8 of Article 31, if the collected money is denominated in currency which is different from the denominated currency, the said money shall be converted into the denominated currency at the foreign exchange rate provided for in any of the items in Paragraph 1 of this Article prevailing on the date on which such payment was acknowledged.

5. The expenses to be borne by NEXI prescribed in Paragraph 3 of Article 15 or Paragraph 6 of Article 31 shall be converted in accordance with the provisions of the following items:

1. If expenses to be borne by NEXI is deducted from the amount collected pursuant to the provisions of Paragraph 7 or Paragraph 8 of Article 31, and if such expenses 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 in Paragraph 1 of this Article prevailing on the date on which the amount of such expenses was ascertained, provided 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 expenses to be borne by NEXI are claimed by a method other than that provided for in item (1) or item (2) of Article 5 or Paragraph 7 or Paragraph 8 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), Paragraph 1 of this Article prevailing on the date on which the amount of such expenses was ascertained, provided that if 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 items of Paragraph 1 of this Article was quoted on any of the dates described in Paragraph 2 through Paragraph 5 of this Article, foreign exchange rate on the date immediately preceding such dates 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 items of Paragraph 1 of this Article is not quoted, the conversion rate with other currency as a medium currency shall be applied.

8. If it is difficult to make a conversion pursuant to the provisions of Paragraph 2 through Paragraph 7 of this Article, conversion rate designated by NEXI shall be applied.

 **(Assignment of objects covered by insurance, etc.)**

**Article 34.**

The insured may not assign (including assignment for collateral purposes) any of the objects covered by insurance or any rights to claim insurance claims with regard to any insurance contract under these Policy Conditions unless otherwise approved by NEXI.

**(Creation of pledge)**

**Article 35.**

If the insured intends to create a pledge with respect to any of the objects covered by insurance or any rights to claim insurance claims in any insurance contracts under these Policy Conditions, the insured shall obtain the consent of NEXI in advance.

2. If the insured has released the pledge as prescribed in the preceding paragraph or if the pledge has elapsed, the insured shall notify NEXI of that fact in writing within one month after the date of such release or elapse (if claim for the payment of insurance claims is filed within one month, before filing such claim).

**(Procedural matters)**

**Article 36.**

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

**(Governing law)**

**Article 37.**

Matters not prescribed in these Policy Conditions shall be governed by the Law, orders issued thereunder and other laws and regulations of Japan.

**Supplementary provisions**

These Policy Conditions shall come into force on April l, 2001.

**Supplementary provisions**

These amendments shall come into force on April 1, 2002.