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科法斯產物金融機構應收帳款轉讓專案信用保險

110.10.18科保字第1100095號函備查

Coface Comprehensive Receivable Protection Foreign Financial Institutions SHORT TERM CREDIT INSURANCE POLICY

WORDING

1. INSURING AGREEMENT

- 1.1 In consideration of the payment of Premium to Insurer(s) by the Insured, and subject to the terms and conditions of this Policy, Insurer(s) hereby agree to indemnify the Insured for the Insured Percentage of the Insured's Loss where such Loss is caused by Non Payment.

2. DEFINITIONS

The following terms shall have the meaning set forth when used throughout this Policy:

- 2.1 Adverse Information may mean any event the Deal Team may become aware of which has led to a deterioration of the buyer's financial situation, such as but not limited to:
- the dishonouring of cheques, promissory notes, bills of exchange or any similar means of payment,
 - the **Buyer** acknowledgment of cash flow difficulties;
 - the Insured's initiation of proceedings against any Manager or shareholder of the **Buyer's** company, for fraud or misdemeanour
 - any event that in the Insured's Credit Management Procedure describes as a sign of deterioration of the **Buyer's** creditworthiness;
- 2.2 **Approved Country** means a country listed in Schedule C – Approved Countries and is the country from which the Buyer is obligated to pay the Insured the amount owing.
- 2.3 **Buyers** means the entities listed in Schedule B - Buyer(s) Endorsement, provided that each such buyer is located in an Approved Country and "**Buyer**" shall be construed accordingly.

- 2.4 Buyer Limit** means the maximum amount of outstanding receivables approved for the relevant Buyer and shall be the limit specified in writing by the Insurer(s).
- 2.5 Broker** means Marsh Taiwan
- 2.6 Claim Determination Date** means the date the later of:
- (i) the expiry of the Waiting Period, or
 - (ii) twenty (20) calendar days after the date upon which the Insured provided the first Notification of Non Payment of Eligible Receivables, or
 - (iii) if additional information has been reasonably requested by Insurer(s), twenty (20) calendar days after the date of provision of such information in accordance with Clause 6.2.
- Save where there has been a valid claim for Loss and then there is a subsequent Non Payment by the same Buyer and the Waiting Period applying to the first valid claim for Loss caused by Non Payment has expired, the date in respect of the subsequent Loss shall be the later of:
- a) ten (10) calendar days after submission of the Notification of Non Payment of Eligible Receivables; or
 - b) if additional information has been reasonably requested by Insurer(s), twenty (20) calendar days after the date of provision of such information in accordance with Clause 6.2.
- 2.7 Client** means the Insured's client, being the assignor of Eligible Receivables to the Insured under the Receivables Assignment Agreement.
- 2.8 Commercial Contract** means any contract (to include any invoice) legally binding between a Buyer and the Client, the purpose of which is the sale of goods or the provisions of services by the Client in consideration of the payment of a price.
- 2.9 Date of Loss** means the Due Date(s) on which one or more relevant Eligible Receivables are due and payable but Non Payment has occurred.
- 2.10 Deal Team** means the officers and employees of the Insured who are directly involved with the origination, structuring or restructuring, approval, review of and operational responsibility for the Insured's participation in the Receivables Assignment Agreement and / or in the negotiation, purchase and / or surveillance of this Policy.
- 2.11 Due Date(s)** means the date(s) on which a payment is due to be made by a Buyer in respect of Eligible Receivables and in accordance with the payment terms of the relevant Commercial Contract.
- 2.12 Eligible Receivables** means receivables owing to the Insured, pursuant to the Receivables Assignment Agreement, from a Buyer (excluding interest) provided that the amount relates to undisputed receivables with terms of payment no greater than the Maximum Payment Terms and that have been purchased or assigned to the Insured during the Period in accordance with the Receivables Assignment Agreement between the Insured and the Client.
- 2.13 Government of the Host Country** means the present or any succeeding governing authority of the Host Country (without regard to the method of its succession or to whether it is recognised by the Insured's Country or to whether it is formally described as governmental) or authorised agents thereof in effective control of all or part of the Host Country or of any political or territorial subdivision thereof.
- 2.14 Host Country** means [.....].
- 2.15 Information** shall mean the Information listed under the Information Section on page [...] of this Policy, including Adverse Information.
- 2.16 Insured** means [.....].

- 2.17 Insured's Country** means [.....].
- 2.18 Insured Percentage** means [.....]% as at Policy Inception, being the percentage of the value of Eligible Receivables which are insured under this Policy, and adjustable in accordance with Clause 7.14.
- 2.19 Insurer(s)** means the following Insurer(s) totalling the Maximum Limit of Liability;
- | | |
|----------------|----------------------------|
| Insurer (Name) | Maximum Limit of Liability |
| [.....] | [USD.....] |
- 2.20 Loss** means the amount due by a Buyer with respect to the relevant Eligible Receivables which remains unpaid at the expiry of the Waiting Period.
- 2.21 Maximum Limit of Liability** means [USD.....] and is Insurer(s) maximum liability for the aggregate of all Losses under the Policy.
- 2.22 Maximum Payment Terms** as specified in Part 1: Risk Details, means the longest initial period of credit extended to a Buyer, except as may be otherwise specified by endorsement.
- 2.23 Minimum Earned Premium** shall mean [USD.....] being the minimum Premium Insurer(s) shall earn under this Policy.
- 2.24 Minimum Retained Uninsured Percentage** means [....]% held by the Insured in accordance with Clause 7.14.
- 2.25 Non Payment** means the failure or refusal by a Buyer to honour its obligations of payment on the Due Date in accordance with the terms and conditions of the relevant Commercial Contract.
- 2.26 Notification of Non Payment of Eligible Receivables** means the Insured's written confirmation of Loss notified to the Insurer(s) in the form exhibited at Schedule A of this Policy. The Insured shall notify in writing the Insurer (s) within 60 calendar days after becoming aware of a Non-Payment where the value of overdue Eligible Receivables exceeds USD 10,000.
- 2.27 Other Insurances** shall mean other insurance policies and/or guarantees with Other Insurer(s) for additional limit(s) of liability, the benefit of which will accrue solely to the Insured and the status of which is pari-passu with this Policy.
- 2.28 Other Insurer(s)** shall mean the providers of Other Insurances, to include Insurer(s) and/or guarantee providers.
- 2.29 Policy** means collectively (i) the Risk Details, (ii) the Wording, (iii) the Information Section and (iv) the Written Lines and any and all Schedules and Exhibits referenced herein and attached thereto.
- 2.30 Policy Period** means the Period stated in the Risk Details.
- 2.31 Policy Currency** means [USD.....], being the currency in which the Premium is payable, any Loss is payable, and the Maximum Limit of Liability is stated.
- 2.32 Policy Inception** means [] as per the Period stated in the Risk Details.
- 2.33 Premium** means the premium as stated in the Risk Details.
- 2.34 Receivables Assignment Agreement** means the agreement legally binding between the Insured and the Client, the purpose of which is the assignment to and/or purchase by the Insured of receivables due to the Client arising out of the Commercial Contracts.
- 2.35 Uninsured Percentage** means that part (if any) of the Eligible Receivables which exceeds the Insured Percentage.

- 2.36** **Waiting Period** shall mean, in respect of the first valid claim for Loss caused by Non Payment by a Buyer through insolvency, 30 calendar days from the date the Insured notifies the Insurer(s) in writing of a Non Payment in relation to the Loss. For all other reasons of Non Payment, the Waiting Period shall mean 90 consecutive calendar days from the date the Insured notifies the Insurer(s) in writing of a Non Payment in relation to the Loss. In respect of subsequent Non Payments by the same Buyer, the Waiting Period is zero.

3. EXCLUSIONS

A. Loss caused by the following events shall be excluded under this Policy:

- 3.1** Breach by the Insured in the performance of its obligations under the Receivable Assignment Agreement (except where such breach results directly or indirectly from specific action taken by the Government of the Host Country) and provided that both (i) compliance with the obligation(s) in question was within the control of the Insured; and (ii) the breach in question has the effect at law of extinguishing the Insured's right to the payment in question (or the relevant part thereof) and/or rendering the Insured's interest in the Eligible Receivables invalid and unenforceable.
- 3.2** Failure by the Insured to comply with any local laws or regulations, material to the Receivables Assignment Agreement, having the effect of law in the Host Country of which the Insured should reasonably have been aware, which were in existence at Policy Inception.
- 3.3** The Insured engaging in any fraudulent or criminal acts material to the Receivables Assignment Agreement.
- 3.4** Insolvency or bankruptcy of the Insured.
- 3.5** Disputed receivables assigned to the Insured unless and until each dispute shall have been finally resolved and the sum due to the Insured shall be a valid and legally enforceable indebtedness of the Buyer, its administrator, receiver, liquidator or other legally appointed supervisor, or its successor in interest in the Buyer's Country.
- 3.6** Loss is excluded in respect of the financing by the Insured of Eligible Receivables which relate to transactions by the Client and/or the Buyer that are proven to be fraudulent.
- 3.7** Loss resulting from receivables assigned to the Insured in relation to agreements between the Client and its Affiliates (where Affiliates means "any company directly or indirectly controlled by the Client, or which controls the Client directly or indirectly or is controlled directly or indirectly by the same company as controls the Client").

B. An Eligible Receivable not being, as at the purchase date of the Eligible Receivable by the Insured, a valid and legally enforceable debt obligation of a Buyer in the Buyer's Country is excluded from this Policy.

C. An Eligible Receivable is excluded from this Policy where the assignment or transfer of the receivable from the Client to the Insured is not valid and enforceable against the Buyer in the Buyer's Country as at the date of the relevant Notification of Non Payment of Eligible Receivables, unless (i) the assignment or transfer is capable of being made valid and enforceable by any relevant notice or other formalities, (ii) the Insured has advised of relevant notice or other formalities it will follow in the relevant Notification of Non Payment of Eligible Receivables and (iii) it is subsequently made valid and enforceable at or before the end of the Waiting Period. If the Insured has advised relevant notice or other formalities it will follow and evidence of such validity and enforceability is provided after the expiry of the Waiting Period, this evidence will be deemed (without the need for any notice given by the Insurer(s)) to be additional evidence reasonably requested by the Insurer(s) on the day immediately following expiry of the Waiting Period for the purposes of part (iii) of the definition of Claim Determination Date.

4. WARRANTIES

For the avoidance of doubt no term of this Policy (whether express or implied) is a warranty unless it is expressly set out in this Clause 4.

The Insured warrants that:

- 4.1** The Insured has, at Policy Inception, obtained all material authorisations and licences which, to the knowledge of the Insured, the Insured is required to obtain under the regulations of the Insured's Country for the performance of the Receivables Assignment Agreement.

5. DUTY OF FAIR PRESENTATION

The Insured and the Insurer(s) have agreed that the duty to make a fair presentation owed by the Insured in respect of the subject matter insured under this Policy are strictly limited to those specifically defined in this Clause 5 as follows:

- 5.1** At Policy Inception and at the time of any endorsement hereto;

5.1.1 the Information provided by the Insured to the Insurer(s) is, to the best of the Insured's knowledge after due care, true and correct in all material respects and no material information has been withheld; and

5.1.2 the Insured has provided the Insurer(s) with true and complete copies of the documents comprising the Information.

- 5.2** The Insurer(s) acknowledges and agrees;

5.2.1 it has received the Information. However it has used its own independent judgement regarding the creditworthiness of each Buyer using the Information provided by the Insured to the Insurer(s) as at Policy Inception and at the time of any endorsement;

5.2.2 certain of the Information was provided to the Insured by a third party and that the Insured has no liability in respect of, and the Insurer(s) has no right to avoid or reduce its liability under this Policy in respect of, any errors or omissions in such information, which were not known by the Insured acting diligently at Policy Inception and at the time of any endorsement;

5.2.3 the Insured shall have no duty to disclose and the Insurer(s) shall have no remedy in respect of any matter or circumstance which is a matter of common notoriety or knowledge or which an underwriter of risks analogous to those covered under this Policy in relation to the Host Country ought, in the ordinary course of his business, to know;

5.2.4 for the purposes of the Insured's duty to make a fair presentation, the knowledge of the Insured shall be

(i) the actual knowledge of the Deal Team only; or

(ii) the knowledge that the Deal Team ought to know after making due and appropriate inquiry about such matters.

PROOF AND PAYMENT OF LOSS

6.1 Notification of Loss

The Insured will give written notice to the Insurer(s) within fifteen (15) calendar days after becoming aware of a circumstance which, in the Insured's view, is likely to result in a Loss provided that it is understood and agreed that the Insurer(s)'s remedy in respect of any breach of this clause shall be limited to a claim for damages. Any breach of the obligation in this Clause 6.1 shall not entitle the Insurer(s) to deny coverage in respect of any claim, or avoid or rescind this Policy.

The Insured's written confirmation of Loss notified to the Insurer(s) will be in the form exhibited at Schedule A of this Policy and with the additional documents outlined.

6.2 Notification of Non Payment of Eligible Receivables

Payment for Loss shall be made by the Insurer(s) after the Waiting Period has elapsed and in accordance with Clause 6.3, on the condition that;

- (i) the Insured has submitted a Notification of Non Payment of Eligible Receivables; and
- (ii) the Loss was caused by Non Payment.

The responsibility for proving that a Loss constitutes a valid claim hereunder shall at all times rest with the Insured. The responsibility for proving the application of an exclusion under Clause 3 shall at all times rest with the Insurer(s).

In the event of a reasonable demand by the Insurer(s) for submission of additional evidence reasonably necessary to prove the claim, and unless prevented from doing so by law and/or for regulatory or confidentiality reasons, the Insured shall file such evidence as is available to it with the Insurer(s) within thirty (30) calendar days of such request.

If the Insured is restricted or prevented from providing the Insurer(s) with requested information due to confidentiality restrictions, the Insured shall use best endeavours to enable disclosure to Insurer(s) and the Insurer(s) shall, if required by the Insured in order to legally disclose requested Information to the Insurer(s), sign an appropriate non-disclosure agreement provided by the Insured in a form satisfactory to both the Insured and the Insurer(s) (acting reasonably).

If there is a valid non-disclosure agreement in place with the Insurer(s) and it is satisfactory and covers the relevant requested information, then no additional non-disclosure agreement will be required.

Where a Notification of Non Payment of Eligible Receivables has been submitted by the Insured, the Insurer(s) shall use best endeavours to request any additional evidence as soon as is reasonably practicable but in any event not later than thirty five (35) calendar days following receipt of such Notification of Non Payment of Eligible Receivables. If the Insurer(s) has not requested such additional evidence by such date, it will be considered to have waived its right to do so.

. To the extent permitted by local laws, if the Notification of Non Payment of Eligible Receivables has not been submitted within eight (8) months of the Date of Loss, the Insurer(s) shall be discharged from all liability hereunder in respect of such Loss.

Coverage under this Policy and payment for Loss shall not be prejudiced if the Waiting Period extends beyond the Policy Period.

6.3 Determination of a Claim

Unless otherwise agreed by the Insurer(s) and the Insured, the Insurer(s) shall make a determination of the Insured's claim promptly, and in any event must notify the Insured, of their determination upon the Claim Determination Date.

Where the Insurer(s) has determined that the Insured's claim is not valid or that the Insured is not entitled to receive compensation for a Loss it has incurred, the Insurer(s) shall provide the Insured with a detailed written explanation of why the claim is being denied within the time frames detailed above. The Insured may re-submit an amended Notification of Non Payment of Eligible Receivables thereafter and the Insurer(s) must respond to such amended claim in the same timely manner.

Subject to the Maximum Limit of Liability, in the event of a Loss, and unless otherwise agreed by the Insured and the Insurer(s), compensation due to the Insured under this Policy shall be payable twenty (20) calendar days after the Claim Determination Date.

6.4 Amount of Compensation

Subject to the Maximum Limit of Liability, the compensation payable to the Insured by the Insurer(s) shall be the Insured Percentage of the Insured's Loss where such Loss is caused by Non Payment up to the relevant Buyer Limit on the date of assignment/purchase under the Receivables Assignment Agreement of the relevant Eligible Receivables. The Loss shall be less any amounts which are recovered in respect of the relevant Eligible Receivables to which the Loss relates. Where the currency of the relevant Eligible Receivables is other than the Policy Currency, the rate of exchange shall be the rate as offered by the Insured's **Taiwan** clearing bank on the Due Date.

Optional cause to be used in case of insurer syndications only:

6.5 Several Liability

The liability of an Insurer under this Policy is several and not joint with other Insurers party to this contract. An Insurer is liable only for the proportion of liability it has underwritten.

The proportion of liability under this Policy underwritten by an Insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an Insurer(s). Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion.

A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other Insurer(s) which may underwrite this Policy.

The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Unless there is "signing" (see below), the proportion of liability under this Policy underwritten by each Insurer(s) (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this Policy permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this Policy to show the definitive proportion of liability under this Policy underwritten by each Insurer(s) (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this Clause to "this Policy" in the singular, where the circumstances so require this should be read as a reference to policies in the plural.

7. GENERAL CONDITIONS

7.1 Accounting Principles

All financial statements and accounts as well as the accounting treatment of this Policy shall be in accordance with the principles of accounting generally accepted in the Insured's Country, consistently applied and as used by the Insured in its audited financial statements.

7.2 Aggregation of Limits

All Buyer Limits and the Maximum Limit of Liability under the Policy and any preceding or future Policies, whether or not issued by the Insurer(s), for the Insured are non-cumulative regardless of the number of years the Policy or any prior, replacement or renewal Policy is in force.

7.3 Assignment

This Policy is assignable only with the prior written consent of the Insurer and no assignment by the Insured of any right, title or interest to any amount payable under this Policy shall be valid and binding upon the Insurer(s) unless the Insured notifies the Insurer(s) thereof and the Insurer(s) endorses this Policy in the manner provided for in this cCause.

7.4 Cancellation

- (i) The Insurer(s) may cancel this Policy in the following circumstances:

Where the Insured fails to pay the Premium, provided however that the Insurer(s) have

- (a) given written notice to the Insured of its intent to cancel the Policy pursuant to this Clause 7.4, and
- (b) the Insured has ten (10) calendar days from the date of such notice in order to cure such non-payment of Premium before the cancellation of this Policy becomes effective.

- (ii) Where the Premium is payable in instalments and there is a non-payment of any instalment, the Insurer may cancel the Policy retroactively to the start of the period for which the Premium is due and unpaid and all subsequent periods. No Loss shall be payable for those periods, whether suffered before or after the date the payment of Premium or instalment fell due. Provided always however that the Insurer(s) have

- (a) given written notice to the Insured of its intent to cancel the Policy pursuant to this Clause 7.4, and
- (b) the Insured has ten (10) calendar days from the date of such notice in order to cure such non-payment of Premium before the retroactive cancellation of this Policy becomes effective.

- (ii) The Insurer(s) shall give notice to the Broker as soon as practicable and in any event within fourteen (14) calendar days where the Insurer(s):

- (a) ceases underwriting entirely; or
 - (b) voluntarily or involuntarily elects to wind up, run off its business, enter a scheme of arrangement or enter into any form of bankruptcy protection or related formal or informal termination of its insurance operations; or
 - (c) has its authority to carry on insurance business withdrawn or modified.
- (iii) The Insured may terminate an Insurer's participation on this Policy by giving notice:
 - (a) When one of the events identified above under 7.4 (ii) takes place; or
 - (b) Where any of the Insurer(s) long term financial strength credit rating falls below Standard & Poor's A- rating or equivalent. To effect such cancellation the Insured is required to provide such Insurer(s) with thirty (30) calendar days' notice of such cancellation, and a written release of such Insurer's liability under this Policy,and, upon which in either case, the Insured will be entitled to a pro-rata refund of any unearned Premium for the period; subject at all times to the Minimum Premium being payable in full, save where there is a Loss and in such case the Minimum Premium plus any adjustment Premium due and payable to the Insurer shall apply.
- (iv) The Insured may cancel this policy where the Insured no longer has any outstanding exposure or commitments under or in relation to the Receivables Assignment Agreement subject to (i) the Insurer(s) receiving a written request from the Insured to cancel at least seven (7) calendar days prior to the effective date of the cancellation, and (ii) the Insurer(s) hereon receiving the Minimum Premium.

In accordance with the terms and conditions of this Clause 7.4, the Insurer(s) hereon agree(s) to a pro rata refund of any unearned Premium paid in excess of the Minimum Premium.

7.5 Cease Financing

The Insured shall not incur any further exposure upon the Deal Team becoming aware of (a) the occurrence of a circumstance that is likely to result in a Loss, or (b) any Buyer that becomes insolvent.

7.6 Constraints on Insured's Actions

The Insurer(s) acknowledges and agrees that the Insured's ability to act is established and governed by the terms of the relevant Receivables Assignment Agreement.

7.7 Complete Agreement of the Parties, Amendment and Waivers

The terms of this Policy may not be waived or changed, except by written endorsement issued and signed by the Insurer(s). The failure of the Insurer(s) to exercise any right or remedy shall not be deemed to constitute a waiver of such right or remedy in the future.

7.8 Fraudulent Claims

This Policy will be void and all claims hereunder will be forfeited, if the Insured makes any material statement, report, application or claim, where the Insured knew that the statement, report, application or claim was false or fraudulent.

7.9 Governing Law and Arbitration

- (i) The formation, existence, construction, performance, validity and all aspects whatsoever of this Policy or of any terms of this Policy shall be governed by the laws of Taiwan.

- (ii) In the event of any dispute, controversy or claim arising in any way out of or in connection with this Policy (including, without limitation:
- (a) any contractual, pre contractual or non-contractual rights, obligations or liabilities; and
 - (b) any issue as to the existence, validity or termination of this Policy) ("Dispute"), the Insured and the Insurer shall attempt in the first instance to resolve such Dispute through amicable discussion. If the Dispute is not resolved through such amicable discussion within 30 days of a written notice of the Dispute being given or such longer period as the insured and the Insurer agree to in writing, then the Insured or the Insurer shall refer the Dispute for final resolution by arbitration. Such arbitration shall be administered by the Chinese Arbitration Association, Taipei ("CAA") in accordance with the CAA" Arbitration Rules in force when the Notice of Arbitration is submitted in accordance with such Rules (the "Rules"), which Rules are deemed to be incorporated by reference in this clause.
- (iii) The seat of arbitration shall be Taipei. The arbitration tribunal shall consist of three arbitrators. The claimant initiating the arbitration shall appoint an arbitrator in its written request for arbitration. After the claimant has already appointed its own arbitrator, the claimant may issue a written request to the respondent to appoint an arbitrator within fourteen (14) days from its receipt of the request. If the arbitrator has not been appointed within the time period, the claimant may request an arbitration institution or the court to make the appointment. The first two arbitrators appointed in accordance with this provision shall appoint a third arbitrator within thirty (30) calendar days after the respondent has notified the claimant of the appointment of its arbitrator. The third arbitrator shall serve as chairperson of the arbitration. If the two arbitrators are unable to agree on the appointment of the third arbitrator, the third arbitrator shall be appointed in accordance with the paragraph 2 of Article 9 of the R.O.C. Arbitration Law (ROCAL).
- (iv) This arbitration agreement shall be governed by R.O.C. Arbitration Law(ROCAL). The language of the arbitration proceedings shall be English.
- (v) Any award of the arbitral tribunal shall be made in writing and shall be final and binding on the Insured and the Insurer from the day it is made. The Insured and the Insurer undertake to carry out the award without delay.
- (vi) The Insured and the Insurer waive any right to apply to any court of law and/or other judicial authority to determine any preliminary point of law and/or review any question of law and/or the merits, insofar as such waiver may validly be made. The Insured and the Insurer shall not be deemed, however, to have waived any right to challenge any Award on the ground that the arbitral tribunal lacked substantive jurisdiction and/or on the ground of serious irregularity affecting the arbitral tribunal, the proceedings or the award to the extent allowed by the law of the seat of arbitration.

Nothing in this cCause 7.9 shall be construed as preventing the Insured or the Insurer from seeking conservatory or interim relief from any court of competent jurisdiction.

7.10 Headings

The descriptions in the headings and sub-headings of this Policy are inserted solely for convenience and do not constitute any part of the terms or conditions hereof.

7.11 Limitations

All references to the Insured in relation to the Insured's duty to make a fair presentation, knowledge, awareness and representations in respect of this Policy shall be limited to the actual knowledge of the Deal Team and all duties as set out in this Policy are to be performed by the Deal Team.

7.12 Material Amendments

It is a condition precedent to liability hereunder that the Insured will not make or agree to any material (to Insurer(s) interests under the Policy) amendments or waivers of breaches under the Receivables Assignment Agreement without obtaining the prior written consent of the Insurer(s) (such consent not to be unreasonably withheld or delayed) except in cases where such material amendments and/or waiver of breaches arise due to an act or series of acts taken by the majority participants under the Receivables Assignment Agreement

(and/or terms of participation) or are otherwise beyond the Insured's control (including but not limited to where the Insured has sold, assigned, insured or otherwise hedged its exposure under the Receivables Assignment Agreement). The Insured agrees (i) to notify the Insurer(s) of all requests for such material amendments/waivers received, (ii) to consult with Insurer(s) with respect to such requests and (iii) to notify the Insurer(s) of the resulting decisions, where applicable.

7.13 Minimisation of Loss

The Insured agrees to take all reasonable measures within its power to prevent or minimise Loss, including if deemed advisable by the Insurer(s) after consultation with the Insured, all reasonable legal, administrative and judicial means which may be reasonably available for the minimisation or recovery of any Loss and the enforcement of any security provided that it is not a pre-condition to the payment of a claim that the Insured commences or institutes legal, administrative, judicial, attachment, or enforcement proceedings. The Insured shall cooperate with the Insurer(s) in the investigation of any claim.

The Insured shall not enter into any material agreement concerning a Loss or potential Loss without the prior written consent of Insurer(s) (such consent not to be unreasonably withheld or delayed).

In respect of the obligations outlined in this Clause 7.13 the Insurer(s) accept that where the Insured is a minority participant in the Receivables Assignment Agreement, consequently the Insured's ability to comply with this Clause may be restricted by the terms and conditions of the Receivables Assignment Agreement and/or terms of participation.

Any costs and expenses incurred by the Insured in respect of action taken under this Clause and/or Clause 7.18 and 7.19 below will be shared between the Insurer(s) and the Insured in accordance with the relative proportions of the Insured Percentage and the Uninsured Percentage, subject to the following:

- (i) Normal costs and expenses incurred by the Insured, from the first Date of Loss and prior to the expiry of the Waiting Period shall be for the account of the Insured. Such normal costs and expenses are deemed to be those the Insured would have incurred in the normal course of events following a default when uninsured. Recovery of such costs will be in accordance with Condition 7.19.
- (ii) Reasonable third party costs and expenses incurred by the Insured which are outside the scope of sub-paragraph i) above and which are incurred as a result of action specifically requested in writing by the Insurer(s), and which are incurred from the first Date of Loss and prior to the expiry of the Waiting Period shall be for the account of the Insurer(s) and the Insured in accordance with the relative proportions of the Insured Percentage and Uninsured Percentage.
- (iii) Reasonable third party costs and expenses incurred by the Insured in the minimisation of Loss or recoveries after a valid claim has been paid by the Insurer(s) shall be for the account of the Insurer(s) and the Insured in accordance with the relative proportions of the Insured Percentage and Uninsured Percentage.

7.14 Minimum Retained Uninsured Percentage

Option A (Bank passing on the minimum uninsured retained percentage)

It is agreed that the Insured and/or the Client must remain solely responsible for the Minimum Retained Uninsured Percentage of the Receivable Assignment Agreement for the duration of the Policy (as such amount may be reduced from time to time by any repayment or prepayment of the principal amount under the Receivable Assignment Agreement and the Policy or as reduced from time to time pursuant to Clause 7.4 (Cancellation).

Where the Uninsured Percentage is retained by the Client and, for this purpose, the Client opens and deposits funds into a bank account (the "Cash Deposit"), the transfer to the Insured of the Cash Deposit will not be considered a recovery for the purposes of Clause 7.19 of the Policy.

The Insured may, without reference to the Insurer, sell, assign, transfer, sub-participate to or seek additional insurance from, or enter into any hedging or risk transfer transactions or any Instrument (including entering into Instruments which specifically reference the Receivable Assignment

Agreement, Insurer, Client or Host Country) with, any person in respect of the Receivable Assignment Agreement and any related security with the exception of the Minimum Retained Uninsured Percentage for which the Insured /or the Client will at all times bear the risk of Loss, save as otherwise provided in the Policy.

Nothing in this Clause (or the Policy) shall prevent the Insured, at any time including in relation to the Minimum Retained Uninsured Percentage, from mitigating its exposure in respect of the Receivable Assignment Agreement by hedging, trading or otherwise risk managing as part of a general portfolio risk management program or customary trading activities provided that solely in relation to the Minimum Retained Uninsured Percentage such activities are not specific to the Receivable Assignment Agreement and the Minimum Retained Uninsured Percentage.

In respect of the above, the Insurer acknowledges that the Insured is involved in a wide range of commercial banking, investment banking and other activities and may from time to time enter into (for its own account or for third parties), or otherwise advise clients to enter into, Instruments which reference debt obligations of the Client and the Insurer agrees that in no way shall any such transactions be deemed to contravene or otherwise breach any provision of this Clause 7.14.

For the purposes of this Clause, derivatives (including, without limitation, credit derivatives), sub-participation agreements, long or short positions, risk participations or repackaged or structured notes or other similar instruments are each an "Instrument".

For the avoidance of doubt, the calculation of any Loss under the Policy shall disregard any trading gains or losses made under any Instrument or in respect of any of the risk management activities and/or trading activities referenced above.

Option B (Bank retaining the uninsured percentage)

7.14. It is a condition precedent to liability that the Insured will maintain the Minimum Retained Uninsured Percentage of the Receivable Assignment Agreement for the duration of the Policy (as such amount may be reduced from time to time by any repayment or prepayment of the principal amount under the Receivable Assignment Agreement and the Policy or as reduced from time to time pursuant to Clause 7.4 (Cancellation)).

The Insured may, without reference to the Insurer, sell, assign, transfer, sub-participate to or seek additional insurance from, or enter into any hedging or risk transfer transactions or any Instrument (including entering into Instruments which specifically reference the Receivable Assignment Agreement, Insurer, Client or Host Country) with, any person in respect of the Receivable Assignment Agreement and any related security with the exception of the Minimum Retained Uninsured Percentage for which the Insured will at all times bear the risk of Loss, save as otherwise provided in the Policy.

Nothing in this Clause (or the Policy) shall prevent the Insured, at any time including in relation to the Minimum Retained Uninsured Percentage, from mitigating its exposure in respect of the Receivable Assignment Agreement by hedging, trading or otherwise risk managing as part of a general portfolio risk management program or customary trading activities provided that solely in relation to the Minimum Retained Uninsured Percentage such activities are not specific to the Receivable Assignment Agreement and the Minimum Retained Uninsured Percentage.

In respect of the above, the Insurer acknowledges that the Insured is involved in a wide range of commercial banking, investment banking and other activities and may from time to time enter into (for its own account or for third parties), or otherwise advise clients to enter into, Instruments which reference debt obligations of the Client and the Insurer agrees that in no way shall any such transactions be deemed to contravene or otherwise breach any provision of this Clause 7.14.

For the purposes of this Clause, derivatives (including, without limitation, credit derivatives), sub-participation agreements, long or short positions, risk participations or repackaged or structured notes or other similar instruments are each an "Instrument".

For the avoidance of doubt, the calculation of any Loss under the Policy shall disregard any trading gains or losses made under any Instrument or in respect of any of the risk management activities and/or trading activities referenced above.

7.15 Nondisclosure & Confidentiality

Neither the Insured nor the Insurer(s) shall disclose the existence of this Policy to any third party, with the exception of (in all cases on a strictly confidential basis) their employees, affiliates, regulators, auditors, brokers, Other Insurer(s), financial, legal and other professional advisers and, in the case of the Insurer(s), actuaries, reinsurer(s) and reinsurance brokers without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed. Nothing contained herein shall prevent the Insured or the Insurer(s) from disclosing any information in connection with any legal or regulatory proceedings or as required by law or regulation. Nothing in this paragraph shall prevent the Insurers from performing recovery actions after the payment of a claim if they wish to perform them directly and in that case the disclosure of the existence of the Policy is authorized.

7.16 Notice

All notices under any provision of this Policy shall be in writing and given by hand, prepaid express courier, airmail, or electronic notice, properly addressed to the appropriate party or its designated representative and will be deemed as having been effected only upon actual receipt.

7.17 Payment of Premium

- (i) The Premium shall be payable to Insurer(s) within forty-five (45) calendar days of the effective date of this Policy unless otherwise agreed in writing by Insurer(s), subject to Clause 7.17(ii). Any additional premiums shall be payable to Insurer(s) within thirty (30) calendar days of billing, unless otherwise agreed in writing by Insurer(s).
- (ii) Premium which is payable in instalments (or otherwise not in full at onset) shall be fully due and payable immediately (where the Policy only provides cover for a single Buyer) in the event an indemnity for a Loss is agreed.

7.18 Preservation of Remedies

The Insured, as far as it is reasonably able, will preserve all legal, judicial, and administrative remedies applicable to any claim and furnish reasonable assistance in maintaining any rights transferred to the Insurer(s). For the avoidance of doubt there is no requirement on the Insured to commence legal, judicial and administrative proceedings as a pre-condition to being paid a claim under this Policy.

7.19 Recoveries

If at any time after the payment of Loss by the Insurer(s), recoveries from the relevant Buyer are made in respect of the Non Payment to which that Loss relates then such recoveries shall be allocated;

- (i) first, against all external expenses and external costs incurred by the Insured and/or the Insurer(s), in proportion to each parties' cost payments, in respect of such recoveries pursuant to cCause 7.13;
- (ii) second, and after the entitlements of the Insurer(s) and the Insured in (i) above are fully satisfied to the Insurer(s) and the Insured pro rata based on the Insured Percentage and the Uninsured Percentage.

Any and all such sums recovered by the Insured or the Insurer(s) (as the case may be) that inure to the benefit of the other pursuant to the foregoing provisions of this Clause shall be held by the receiving party on trust for the other and the receiving party shall promptly pay any such sums to the other party.

It is agreed that where the Insurer(s) obtains recoveries where it has had all the relevant rights to recovery (in respect of and to the extent of the payment of the Loss) assigned to it, all such recoveries shall, subject to the terms of the Receivables Assignment Agreement, be the property of and retained by the Insurer(s).

For any recoveries received in a currency other than Policy Currency, the rate of exchange shall be the rate as offered by the Insured's **Taiwan** clearing bank on the date that cleared funds are received into the account of the Insured, or of the Insurer(s) where paid directly to the Insurer(s).

Optional Clause – to be used a) always if limit is cancellable b) always in case of syndications where one or more insurers are proposing cancellable cover

Approved Buyer Limit Reduction / Withdrawal

Throughout the Policy Period, the Insurer shall advise the Insured in a timely manner of any material concerns that may arise during the Policy Period about the deterioration in credit standing of any Buyer.

The Insured shall be invited to comment on such concerns, and provide any supporting information that may assist the Insurer in maintain their comfort with the concerned Buyer Limit being in place.

Should the Insurer not be satisfied with a Buyer Limit, it shall give the Insured notice of any restriction or withdrawal of a Buyer Limit. A withdrawal of a Buyer Limit shall come into force 30 days from the notification date and a restriction of the Buyer Limit shall be effective 90 days from the notification date. This new Buyer Limit will replace the previous Buyer Limit. The new and the previous Buyer Limit do not aggregate.

Any withdrawal or restriction in a Buyer's Limit as set out above will apply to Eligible Receivables assigned to the Insured by a Client under the Receivables Assignment Agreement after the relevant time period from the notification date set out above has expired.

A restriction or withdrawal of a Buyer Limit has no retroactive effect. Such a restriction or withdrawal does not affect the insurance coverage under this Policy for Eligible Receivables which have been purchased or assigned in accordance with the provisions of the relevant Receivables Assignment Agreement prior to the time of such a reduction or withdrawal,

Should the Insurer restrict or withdraw a Buyer Limit, as per the provision above the Minimum Earned Premium shall be calculated on a pro rate basis from the Policy start date up to the date at which the Insurer's liability ceases, subject to no claim being payable.

The Insured shall advise the Insurer of any amendments to existing and / or required amendments to new Buyer Limits and the Insurer shall make best efforts to accommodate such requests in a reasonably timely manner. A modification of the Insurer's liability can only be made by an amendment to the Policy

7.20 Rescheduling

The Insured will not agree to any deferral, rescheduling of any amount due under the Receivable Assignment Agreement without the Insurer(s)' prior written consent, which will not be unreasonably withheld or delayed.

In the event that;

- (i) the Insured does not wish to proceed with any deferral or rescheduling, the Insured may file a Notification of Non Payment of Eligible Receivables, and the Insurer(s) shall pay compensation for such Loss in accordance with the original Due Date(s) in effect immediately prior to any such deferral or rescheduling;
- (ii) the Insurer(s) does not consent to any deferral or rescheduling then, subject to the terms and conditions of this Policy, for the purposes of filing any claims the Insured will use the original Due Date(s) that was in effect immediately prior to, and without giving any effect to, the deferral or rescheduling. For the avoidance of doubt, any such rescheduled amounts shall be treated as recoveries and shall be applied in accordance with Clause 7.19 (Recoveries) of this Policy.

7.21 Subrogation

Upon payment of a Loss by the Insurer(s) (or its agent) to the Insured in respect of a claim brought under this Policy:

- (i) The Insurer(s) shall be subrogated to all the Insured's rights of recovery under the Receivables Assignment Agreement in respect of and to the extent of that payment and, on the written request of the Insurer(s) to the Insured, the Insurer(s) (so far as the Insured is legally able to do so) shall receive from the Insured a transfer or assignment (by way of transfer certificate or assignment agreement, or such other manner customary at the time of such transfer) so as to receive all of the

Insured's rights, title and interest in the Eligible Receivables in respect of and to the extent of that payment; and

- (ii) The Insured shall not permit, to the maximum extent permissible by law, any Eligible Receivables and/or other sources of recovery to which the Insurer(s) shall be subrogated to be subject to any lien, security interest, or other third party claim superior to that of the Insurer(s). The Insured shall not take any action which would impair the Insurer(s)'s rights of subrogation.
- (iii) Unless prevented from doing so by law and/or for regulatory or confidentiality reasons (it being agreed that where there are confidentiality restrictions, the Insured shall use its best endeavours to enable disclosure to Insurer(s) and the Insurer(s) shall, if required by the Insured in order to legally disclose information to Insurer(s), sign an appropriate non-disclosure agreement in a form satisfactory to both the Insured and Insurer(s)), the Insured shall provide reasonable assistance to the Insurer(s) by way of providing such testimonies, documents or information relating to the Receivables Assignment Agreement, and other support as is reasonably requested by the Insurer(s), for the purpose of enabling the Insurer(s) to substantiate its rights of subrogation vis-à-vis the Buyer and to collect the debt in any court or out-of-court proceeding or settlement;

7.22 Third Party Rights

A person who is not a party has no right to enforce or to enjoy the benefit of any term of this agreement.

7.23 Sanctions

No insurer shall be deemed to provide cover and no insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that insurer any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.