

GENERAL TERMS COFACE BEST

* This text is only a translation of the German version. Legally binding are solely the German insurance terms.

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■ OBJECT OF INSURANCE

Art. 1 (1) Compagnie Francaise D'Assurance Pour Le Commerce Exterieur SA Niederlassung Austria, (hereafter „the Insurer“) will compensate the Insured for insured receivables arising from the delivery of goods or provision of services in foreign countries in accordance with the following „General Terms of Insurance“ and other agreed „Special Conditions“ in cases where these receivables have become uncollectible because the customers covered by the insurance contract (hereafter „customers“) have become insolvent.

The Insurer will provide the Insured with compensation for provable costs incurred in connection with legal transactions as defined in Art. 2 (2), which can no longer be completed because of the insured event or have been prohibited by the Insurer.

Receivables due from private persons or companies with close business connections to the Insured are generally not covered by this insurance contract.

(2) Insolvency as an insured event in the sense of these terms is considered to exist when

- legal bankruptcy proceedings have been opened over the assets of a customer or his/her estate or the opening of such proceedings was rejected by a court of law for lack of assets, or
- legal settlement proceedings have been opened over the assets of a customer or his/her estate, or
- an out-of-court settlement has been reached between a customer and all of his/her creditors and the Insurer has agreed to this settlement, or
- an execution by the Insured based on an enforceable title to the customer's assets did not lead to full satisfaction, or
- an event occurs at the domicile of the debtor, which has a similar legal consequence to one of the facts listed under a) - d), or
- collection appears impossible because of verified unfavourable circumstances that make execution, bankruptcy application or another measure taken by the Insured against the customer unlikely to succeed, or
- if goods have already been produced or acquired, or services have already been performed, and full performance of the con-

tract will be impossible because of reasons listed under (2) a) - f) or this full performance has been prohibited by the Insurer.

(3) The insured event is considered to occur on the day:

- in the case of par. (2)a), the date of the court order,
- in the case of par. (2)b) the date of the order to open proceedings,
- in the case of par. (2)c) the date on which the customer has notified the Insured of his/her insolvency following the conclusion of an out-of-court settlement,
- in the case of par. (2)d) the date of execution or the date on which the customer has issued an oath of disclosure,
- in the case of par. (2)e) the date of the event,
- in the case of par. (2)f) the date on which the futility of measures against the debtor must be accepted based on
 - appropriate proof,
 - in the case of par. (2)g) the date on which the basis for a claim has been determined after the goods have been used
- for another purpose or it has been determined that an alternative use of the goods will not be possible.

■ SCOPE OF INSURANCE

Art. 2 (1) The insurance covers all receivables within the insured amount that are due and payable to the Insured for the delivery of goods and provision of services to customers in countries listed in the „Special Conditions“,

- which arose during the regular conduct of business by the Insured in his/her name and solely for his/her account prior to the insured event and were invoiced, and
- which arose and were invoiced during the period specified in the policy, and
- for which the payment period does not exceed the payment period defined in the „Special Conditions“ or the appendix. The Insured is obliged to present all customers (except for closely related companies and private persons) that maintain their headquarters in the insured countries for this insurance coverage.

(2) Moreover, this insurance also covers costs as described in Art. 1(1) par. 2, which were incurred by the Insured on orders accepted within the period defined in the policy.

(3) The insurance does not cover

- receivables for interest, forfeit money, contractual penalties or compensation for damages,
- foreign exchange losses,
- costs of legal prosecution and other costs not included in the invoice,
- political risk, in particular intervention by the government of the country in which the insured customer is domiciled, such as transfer restrictions or moratoria.

(4) The insurance does not cover losses or uncollectible receivables that are a result of the direct or indirect impact of natural disasters or nuclear reactions, nuclear radiation or radioactive contamination.

(5) If a customer exceeds the maximum payment period specified in the „Special Conditions“ or appendix or it becomes apparent

that the maximum payment term will be exceeded because of the acceptance of bills of exchange or an agreement on payment terms, or the start of collection proceedings (regardless of whether Insured or uninsured receivables are involved), the delivery of further goods and provision of additional services to these customers will no longer be insured, unless otherwise agreed with the Insurer.

Incoming payments and other performance received must be credited to the oldest receivables, unless otherwise agreed with the Insurer.

(6) Receivables that exceed the insured amounts stated in the list of customers are only insured up to the stated amount. The remainder is not insured, but will be covered if and when older receivables are paid and coverage under the stated limit is then available.

This arrangement does not apply as soon as

- a) insurance coverage is terminated for the future delivery of goods or provision of services in accordance with Art. 6 or on the request of the Insured or was limited by the Insurer in accordance with Art. 6 or has automatically expired in accordance with Art. 2 (5), or
- b) the policy has expired.

In these cases, the receivables or parts of receivables are also not covered by the insurance, even if the total amount of the receivables falls under the insurance amount due to the payment of older receivables.

■ INSURED AMOUNT

Art. 3 (1) The Insurer shall determine the maximum insurance coverage for every customer (insured amount). This insurance amount will be stated by the Insurer in a list of customers, which will form an integral part of the policy and apply to the delivery of goods and provision of services beginning on the day agreed between the Insurer and Insured for the start of insurance coverage for the customer, regardless of the rights of the Insurer as stated in Art. 6 of these conditions.

(2) The insured amounts defined in the customer lists are valid both for receivables arising from the delivery of goods and provision of services as well as for costs incurred and any other insurance services defined in the „Special Conditions“. If the total amount of delivered goods, services, costs incurred and other insured items exceeds the insured amount, the insurance coverage will first be applied to the oldest receivables from the delivery of goods and provision of services. Costs incurred are only insured if coverage is possible within the insurance limit.

■ DEDUCTIBLE

Art. 4 From each loss specified in Art. 8 of the General Terms of Insurance, the Insured shall be required to carry the fixed amount stated in the „Special Conditions“ or in the list of customers. This deductible may only be covered in another manner with the written approval of the Insurer. If the deductible is covered in another manner without the explicit approval of the Insurer, the Insurer is entitled to all related services in this connection.

■ GENERAL OBLIGATIONS OF THE INSURED

Art. 5 (1) As part of the application for insurance, the Insured shall notify the Insurer of all receivables due from customers that are to be presented for insurance. All important facts that are known at the time insurance contract is concluded or become known during the term of the insurance and are material for an evaluation of the credit-standing of a customer must be reported to the Insurer immediately in writing. In particular, information must be reported when

- a) a customer exceeds the maximum term of payment specified in the „Special Conditions“ or appendix,
- b) the Insured receives knowledge of an event that could trigger an insurance claim,
- c) the customer offers to return goods that have been delivered or sent.

(2) The Insured is obliged to proceed with all due diligence in granting and monitoring the insured credits. Furthermore, he/she must conclude appropriate agreements for the reservation of title in countries where the requirements for such title are similar to Austrian law. The Insured must also take all suitable measures necessary to prevent an insured event from occurring and to reduce any loss, if necessary at his/her own cost, and also follow all instructions issued by the Insurer.

(3) Receivables that have not been paid after the maximum term of payment defined in the „Special Conditions“ or appendix are to be classified as overdue.

Regardless of his/her obligations under par. (1) and (2), the Insured must initiate court proceedings to collect such receivables no later than 90 days after they have become overdue. Failure to meet this obligation shall release the Insurer from any obligation to provide compensation, unless the Insurer and Insured have concluded an agreement to the contrary.

(4) Moreover, the Insured is obliged - especially in the case of an insured event - to permit representatives of the Insurer, who are appropriately identified and obliged to maintain confidentiality, to examine the key documents on which the contractual relationship is based during business hours and on the premises of the Insured and to also examine business records, correspondence and other files for this purpose. The Insured shall support the representatives of the Insurer in these activities and provide all necessary explanations. It is hereby expressly stated that the Insurer is not obliged to exercise this right and the Insured may never claim a lack of control on the part of the Insurer.

■ EXCLUSION OF CUSTOMERS

Art. 6 At any time the Insurer may cancel or limit the insurance coverage of a customer for the future delivery of goods or provision of services or acceptance of new production because of increased danger or for other reasons that appear to be justified. In this case the existing insurance coverage shall remain valid for all goods delivered and services provided and invoiced as well as costs incurred up to receipt of the notice of cancellation or limitation. The Insurer shall also be entitled to payment of a premium for such coverage.

■ BEGINNING AND END OF LIABILITY, PREMIUM

Art. 7 (1) The insurance coverage shall begin with payment of the premium that is due on delivery of the policy along with all secondary charges and any agreed deposits, but not before the date specified in the policy.

(2) The premium will be calculated by the Insurer based on monthly balances. The Insured is obliged to report the debit balances at the end of each month and - if covered, to also report any costs incurred by the Insurer - within 14 days after the end of the month. If the total amount of receivables from the delivery of goods and provision of services plus costs incurred should exceed the insurance amount, the premium will initially be calculated based on the total amount of receivables from the delivery of goods and provision of services. Thereafter, additional costs incurred will be included in the

premium calculation, to the extent that coverage is available. When an insured event occurs, the corresponding amount (relevant balance) should no longer be included in the report of balances for the following month.

- (3) a) If the Insured fails to present the required documents as defined in par. (2) on a timely basis, he/she is obliged to pay a premium as defined in the policy or "Special Conditions" no later than 21 days after the end of the month without special request. This provision does not release the Insured from the obligation to present the documents required for the premium calculation.
- b) If the Insured should fail to report a balance in whole or in part as required by Art. 7. (2), the Insurer shall be released from the obligation to provide compensation at an amount equal to this omission.

The Insurer shall be entitled to cancel the insurance within one month after learning of a violation of Art. 7 (2) without observing a notice period; beginning on this date, the Insurer shall be released from the obligation to provide compensation.

(4) If the reported balances and costs incurred by a customer total less than 30% of the insurance amount defined in the lists of customers during three consecutive months, the Insurer is entitled to require the Insured to decide whether he/she will delete or reduce the respective sum on the first day of the following month or whether he/she chooses to maintain the insurance amount and pay the premium based on this figure as of the relevant date.

(5) The Insurer will inform the Insured of the amount of the premium by sending an invoice. If the Insured has made an advance premium payment on conclusion of the insurance contract or at the start of an insurance period, this advance payment will be offset against the monthly premium. After the advance premium payment has been exhausted, all premiums must be paid within 10 days after receipt of the invoice.

(6) If the premium payment or advance premium payment is not made on time, the Insurer must inform the Insured and formally demand payment in writing, and also grant an additional period of at least two weeks for payment and indicate the legal consequences of further delay. If an insured event occurs after the end of the additional period and the Insured has still not paid the premium of interest charges or costs by this time, the Insurer shall be released from the obligation to provide compensation.

(7) The insurance coverage shall end with payment to the Insurer on behalf of the customer.

(8) The insurance coverage applies only to events occurring during the term of the contract.

■ DETERMINATION OF CLAIM

Art. 8 (1) The Insured is obliged to report the occurrence of an insured event to the Insurer without delay and to file a claim for compensation. The Insurer will indicate acceptance of the insured event by sending a claim adjustment report to the Insured.

(2) Payments made by or on behalf of the customer prior to the occurrence of the insured event shall be offset against the receivables in the order of their origination. This provision can only be changed by special agreement between the Insured and Insurer.

(3) In order to determine the loss, the following items will be deducted from existing receivables at the time of the insured event:

- a) receivables or parts of receivables that are not insured;
- b) return deliveries, proceeds from the alternative use of goods, off settable receivables and discounts or rebates that the customer

was entitled to deduct; all proceeds from the retention of title, liens, collateral, coverage and guarantees that the customer provided to the Insured on conclusion of the insurance policy, unless another agreement was made; payments made or other services performed by the customer or third parties after the insured event that are related to the insured receivables;

- c) the part of proceeds from bankruptcy or settlement quotas that are related to the insured receivables.

(4) If costs incurred are also insured, the amount of the claim shall be determined based on those direct and indirect expenses and overhead costs as defined by cost accounting principles that arose up to the occurrence of the insured event or the prohibition of complete fulfilment of the contract for the goods to be delivered or services to be provided. The Insured is obliged to utilise any goods in his/her possession that have not yet been delivered to the best extent possible in agreement with the Insurer. The proceeds from this utilisation will be included in calculating the claim.

(5) The loss determined by the above calculation will be reduced by the deductible defined in Art. 4, and the resulting claim report must be sent to the Insured within one month after all required documents have been received.

(6) If the loss has not been determined three months after the date of insolvency as defined in Art. 1 (3), a preliminary claim report must be issued. The above provisions also apply to this preliminary report, whereby expected proceeds will be included at their estimated value if the exact amount is not yet known. The same also applies to the amount of expected distributions in cases where the proceedings to distribute the debtor's assets have not been concluded. If the authority responsible for these proceedings provides an estimate, this figure should be used. If the estimate represents a range, the average should be used. If it is not possible to estimate the amount of the loss on a receivable, 50% should be used as a first approximation.

■ PAYMENT OF COMPENSATION

Art. 9 (1) Compensation for damages shall be due and payable four weeks after the loss has been determined, unless otherwise agreed.

(2) If a preliminary claim report has been made in accordance with Art. 8 (6), the Insured can require the Insurer to pay the amount of the presumed loss as indicated in the preliminary claim report, less the deductible as defined in Art. 4, within fourteen days as a payment on account. If the closing claim report indicates that the final loss is less than the advance payment by the Insurer, the Insured must return the surplus to the Insurer within 14 days after receipt of this report.

(3) If a claim for performance is not filed with a court of law within a period of six months after the Insurer has refused the claim made by the Insured and provided information on the legal consequences of such action and indicated the date on which the claim will expire, the Insurer shall be released from any obligation to provide compensation.

(4) The receivables of the Insured, as well as any collateral provided for these receivables, shall be transferred to the Insurer when the claim is paid; the amount of the transfer shall equal the amount of the compensation payments. Independent of this transfer, the Insured shall be obliged to undertake all measures to collect the receivables and utilise the collateral in his/her own name and at his/her own expense but in accordance with the instructions of the Insurer.

■ ASSIGNMENT OF CLAIMS FOR COMPENSATION

Art. 10 The transfer of claims for the payment of compensation is only

possible with the written consent of the Insurer.

■ VIOLATION OF CONTRACTUAL OBLIGATIONS BY THE INSURED

Art. 11 (1) The Insurer shall be released from the obligation to provide compensation without cancelling the insurance contract if the Insured

- a) fraudulently conceals circumstances that are material for the acceptance of risk or knowingly or under gross negligence provides incorrect information in connection with these circumstances when applying for insurance or applying for the inclusion of customers in this insurance,
- b) knowingly or under gross negligence violates an obligation of the Insured to the Insurer under the „General Terms of Insurance“ or „Special Conditions“, or violates other obligations accepted from the Insurer in the contract. If the violation involves an obligation that must be met after the occurrence of an insured event, the Insurer shall still be required to provide compensation – even in the event of gross negligence – if the violation has no influence on the determination of the insured event or the determination or scope of the services to be provided by the Insurer.

The provisions set forth in Art. 5 (3), Art. 7 (6) and Art. 14 (1) regarding the release of the Insurer from the obligation to provide compensation shall remain unaffected by the above provision.

(2) In those cases listed under par. (1), the Insurer may also terminate the entire insurance contract immediately within one month of receiving knowledge of the violation.

■ CURRENCY OF THE CONTRACT

Art. 12 (1) The currency of the contract is the Euro. The insurance amount (Art. 3) shall be determined in Euro.

(2) Receivables denominated in a foreign currency should be converted by the Insured into Euro using the official exchange rate (buy) for the relevant currency

- a) for the calculation of the premium, the exchange rate at the end of the month,
- b) for the calculation of compensation for damages, the exchange rate on the last day before the occurrence of the insured event, but at a rate not higher than the exchange rate used to calculate the premium.

(3) If a foreign currency is not traded on the Vienna Stock Exchange, this currency should first be converted into a currency traded on the Vienna Exchange using the buy rate for a currency traded on another international exchange, and then translated into Euro.

■ WRITTEN FORM OF DECLARATIONS BY BOTH PARTIES

Art. 13 (1) All insurance applications as well as all notifications and

explanations by the Insured must be made in writing.

(2) Amendments or additions to the policy or insurance terms are only valid if they have been set forth in writing as an integral part of the insurance contract.

■ PRELIMINARY TERMINATION OF CONTRACT

Art. 14 (1) The Insured is obliged to immediately report to the Insurer any changes in the legal form of his/her company or changes in the ownership or shareholder structure that may have a significant negative impact on his/her economic position. In this case, the Insurer is entitled to cancel the insurance contract within one month after receiving this knowledge in keeping with a one-month notice period; the insurance coverage for any receivables outstanding up to the end of the notice period will also expire.

(2) Furthermore, the Insurer is entitled to cancel the insurance contract in keeping with a one month notice period if bankruptcy or settlement proceedings are opened over the assets of the Insured; insurance coverage shall expire at the end of the notice period.

(3) The Insurer is also entitled to cancel the insurance contract without observance of a notice period if the Insured has not met his/her payment obligations in spite of the granting of an extension as defined in Art. 7 (6), whereby insurance coverage shall expire with the end of the contract. The cancellation can occur when the notice period is determined, and can take place at the end of the notice period if the Insured has not met his/her payment obligations. The same shall apply if the Insured has failed to pay a premium on time, which was due after the start of insurance coverage.

(4) If a contract is cancelled based on the provisions of par. (1), (2) or (3), the Insurer is entitled to payment of the premium for the insured receivables up to the expiration of the contract.

■ LEGAL VENUE

Art. 15 Both parties agree to submit all disputes arising from or in connection with this insurance contract exclusively to the responsible court in Vienna, unless the insurance contract was brokered or concluded by an insurance agent. In this case, any disputes against the Insurer from the insurance relationship will be submitted to the court of the site where the agent maintained his/her business office at the time the contract was brokered or concluded, or maintained his/her residence if there was no business office.

■ ADDITIONAL LEGAL REGULATIONS

Art. 16 If no other agreements were made in the policy or in the „General Terms of Insurance“ or any „Special Conditions“, the legal regulations governing insurance contracts as well as the provisions of commercial and civil law shall also apply.