

Annex 7 to the Minutes  
of the Board of Directors  
of EIC "KazakhExport" JSC  
No. 5 dated July 9, 2020

"Approved"  
with the Resolution of the Board of Directors  
of EIC "KazakhExport" JSC  
Minutes No.5\_\_ dated July 9, 2020

**Regulations on Credit Institution Insurance at Foreign Counterparty  
Financing of Export Insurance Company "KazakhExport" Joint-Stock  
Company**

**Nur-Sultan, 2020**

## IRD SUMMARY

|  |  |
|--|--|
| IRD name   | Regulations on Credit Institution Insurance at Foreign Counterparty Financing of Export Insurance Company "KazakhExport" Joint-Stock Company |
| IRD owner  | Insurance Department   |
| Access level   | Public   |
| Measures to familiarize all employees of the Company with IRD  | Distribution by e-mail within 1 (one) business day from the date of IRD publication on the network resource "Internal portal"                |
| In accordance with the Decision of the Board of Directors of EIC "KazakhExport" JSC the amendments and additions are made: |  |

## Table of Content

|  |    |
|--|----|
| Regulations on Credit Institution Insurance at Foreign Counterparty Financing of Export Insurance Company "KazakhExport" Joint-Stock Company ..... | 1  |
| Table of Content.....  | 3  |
| Chapter 1. General provisions .....  | 4  |
| Chapter 2. The Insured Object .....  | 6  |
| Chapter 3. Insured events .....  | 6  |
| Chapter 4. Exceptions from insured events and insurance limits .....   | 6  |
| Chapter 5. Guarantees .....  | 7  |
| Chapter 6. Procedure for concluding an Insurance Contract .....  | 8  |
| Chapter 7. Period and place of validity of the Insurance Contract .....  | 9  |
| Chapter 8. Procedure for determination of the Insurance Coverage .....   | 9  |
| Chapter 9. Insurance Premium .....   | 9  |
| Chapter 10. Rights and Obligations of the Parties .....  | 10 |
| Chapter 11. Monitoring .....   | 12 |
| Chapter 12. Consequences of increased Insurance Risk within the Insurance Contract validity period.....  | 12 |
| Chapter 13. Actions of the Insurant and/or Beneficiary in the event of an Insured Event .....  | 13 |
| Chapter 14. List of documents confirming the occurrence of an Insured Event and the amount of losses .....   | 13 |
| Chapter 15. Insurance Benefits payment procedure and conditions .....  | 14 |
| Chapter 16. Terms for taking decision on Insurance Benefit or refusal in payment.....  | 15 |
| Chapter 17. Conditions of termination of the Insurance Contract .....  | 16 |
| Chapter 18. Subrogation.....   | 16 |
| Chapter 19. Additional Conditions.....   | 16 |
| Chapter 20. Dispute settlement procedure .....   | 17 |

## Chapter 1. General provisions

1. These Regulations on Credit Institution Insurance at Foreign Counterparty Financing of Export Insurance Company "KazakhExport" Joint-Stock Company (hereinafter referred to as the Regulations) are developed in accordance with the Civil Code of the Republic of Kazakhstan, the Law of the Republic of Kazakhstan "On Insurance Activities", other regulatory legal acts of the Republic of Kazakhstan, the Charter and internal regulatory documents of Export Insurance Company "KazakhExport" Joint-Stock Company.

2. Under the terms of these Regulations, Export Insurance Company "KazakhExport" Joint-Stock Company (hereinafter referred to as the Insurer) enters into contracts of credit institution insurance at foreign counterparty financing (hereinafter referred to as the Insurance Contract).

3. Insurance coverage is provided only for those loans of Foreign counterparties that are issued by a Credit Institution for the purpose of executing Contracts with Exporters, support for which is provided in accordance with the goals and objectives provided for by the Insurer's Charter.

4. The purpose of these Regulations is to determine the standard conditions for insurance of a Credit Institution against the risks of occurrence of cases specified in Chapter 3 hereof.

5. The following concepts are used herein:

1) **Unconditional Franchise** - is an amount established in the Insurance Contract deductible from the Insurance Benefit. Unconditional Franchise is set either as a percentage of the sum insured or in absolute amount;

2) **Beneficiary** - is a Credit Institution that, in accordance with the Insurance Contract, is the recipient of the Insurance Benefit. The Beneficiary may not be replaced by another person after it has fulfilled certain obligations under the Insurance Contract arising from the agreement with the Insurant, or has submitted a request to the Insurer for payment of Insurance Benefit;

3) **State Authority** - is a state institution authorized by the Constitution, laws and other regulatory legal acts to perform functions on behalf of the State to:

- issue acts defining mandatory rules of conduct;
- manage and regulate socially significant social relations;
- monitor the implementation of mandatory national rules of conduct;

4) **Insurance Contract** - is a contract of credit institution insurance at foreign counterparty financing entered into between the Insurer, the Insurant (Foreign Counterparty) and the Beneficiary (the Credit Institution) that provides for payment of Insurance Benefit to the Beneficiary (Credit Institution);

5) **Foreign Counterparty** - is a legal entity or individual of a foreign state acting as a buyer, customer, and who has concluded a Contract with an exporter for export of Kazakhstani goods, works, and services; a borrower who has concluded a Loan Agreement with a Credit Institution to fulfill its obligations under the Contract;

6) **Contract** - is a written agreement between an exporter and a foreign counterparty for export of Kazakhstani goods, works and services;

7) **Credit Limit** - is the amount of the maximum allowable amount of debt on Export Loan insured as of a certain date during the term of Insurance Contract, which is set separately by the Insurer for a Foreign Counterparty;

8) **Credit Institution** - is second-tier banks of the Republic of Kazakhstan, Development Bank of Kazakhstan Joint-Stock Company, foreign banks, international financial organizations that provide loans (financing) to the Foreign Counterparty under a Loan Agreement;

9) **Loan Agreement** - is an agreement between a Credit Institution and a Foreign Counterparty, under the terms of which the Credit Institution undertakes to provide a loan (financing) to the Foreign Counterparty in the amount and on the terms stipulated in the Loan Agreement, and the Foreign Counterparty undertakes to promptly return the loan (financing) received and pay loan fees for it and/or other expenses;

10) **Proper performance of obligations** - shall mean that the obligation must be performed by the proper persons, proper object, in the proper place, manner and proper time period. In other cases, non-performance (improper performance) of obligations occurs;

11) **Collateral** - is a pledge, guarantee, surety bond and other types of security for the fulfillment of obligations under a Loan Agreement, issued on the basis of relevant agreements and reflected in the Insurance Contract;

12) **Principal debt** - is an actual amount of money provided by a Credit Institution as a loan (financing) to a Foreign Counterparty under a Loan Agreement, excluding accrued interest on the loan;

13) **Deferred Period** - is a period of time established in the Insurance Contract, after the expiration of which the Insured Event is deemed to have occurred. The Deferred Period shall start on the next day upon receipt of the notification on Insured Event by the Insurer from the Insurant or Beneficiary;

14) **Country of Foreign Counterparty** - is a foreign state in accordance with the legislation of which Foreign Counterparty was established (registered);

15) **Country of Credit Institution** - is the state in accordance with the legislation of which Credit Institution was established (registered);

16) **Transit country** - is a foreign country through which Kazakhstani goods are transported under the customs control of the authorities of such country;

17) **Insurant** - is a Foreign Counterparty that has concluded an Insurance Contract with the Insurer;

18) **Insurance Benefit** - is the amount of money paid by the Insurer to the Insurant within the Insured Amount upon the occurrence of the Insured Event, subject to an Unconditional Franchise; The type of currency of the Insurance Benefit is defined in the Insurance Contract;

19) **Insurance Interest** - is the property interest of the Insurant in preventing risks and preventing the occurrence of an Insured Event;

20) **Insurance Premium** - is the amount of money payable by the Insurant to the Insurer for the latter's commitment to pay the Insurance Benefit to the Insurant on the terms and in the amount determined by the Insurance Contract; The type of currency of the Insurance Premium is defined in the Insurance Contract;

21) **Insurance Amount** - is the amount of money for which the insurance object is insured and which represents the maximum amount of liability of the Insurer under the Contract in the event of an Insured Event, for the entire period of validity of the Insurance Contract. The type of currency of the Insurance Amount is determined in the Insurance Contract;

22) **Insured Event** - is an event under which the Insurance Benefit is to be paid according to the Insurance Contract;

23) **Loss** - is a loss of the Beneficiary arising from the failure of the Insurant to fulfill its obligations to repay the Principal Debt under the Loan Agreement. The definition of Loss does not include the occurrence of the Insurant's debt to the Beneficiary for the redemption (payment) of lost profits; forfeits, fines, penalties; accrued and overdue interest, commissions and other similar payments provided for in the Loan Agreement; moral damage; legal costs in connection with applying, including to the judicial authorities, for the recovery of any debt under the Loan Agreement; as well as losses caused by the misuse of other people's money;

24) **Exporter** - is a legal entity or individual entrepreneur that exports Kazakhstani goods, works, and services;

25) **Export delivery** - is shipment of goods, performance of works, rendering of services by the Exporter under a Contract concluded between him and a Foreign Counterparty.

The above concepts are understood in the meaning in which they are defined in this clause, regardless of their use in the text of the Regulations in the singular or plural, with uppercase or lowercase letters, unless otherwise provided by the Regulations.

## **Chapter 2. The Insured Object**

6. The Insurance Object is the Beneficiary's property interest related to the Insurant's obligation to compensate the Beneficiary for losses incurred in connection with non-performance (improper performance) of obligations to repay the Principal Debt under the Loan Agreement in accordance with the procedure established by law and the Loan Agreement.

## **Chapter 3. Insured events**

7. An Insured Event is the occurrence of an event defined by this Chapter and the Insurance Contract that caused a Loss as a result of the events listed in clauses 8 and 9 of these Regulations.

8. Insured events of a political nature:

1) action of the state body of the country of transit, or the country of destination of the Export Delivery, or the country of a Foreign Counterparty on expropriation, confiscation, restriction of ownership rights to goods, works, services, results of work performed, owned by the exporter or restricting the right of claim to goods, works, services within the Export Delivery paid for by a Foreign Counterparty;

2) unforeseen action of state body of the country of destination of Export Delivery, restricting or prohibiting the Export Delivery, in case where the Exporter has already fulfilled obligations under the Export Contract either limiting or prohibiting Foreign Counterparty to make payment or redemption of Principal Debt under the Loan Agreement;

3) unforeseen action by a government agency of a Foreign Counterparty's country that restricts or prohibits conversion to a freely convertible currency and/or transfer of payment for redemption of the Principal Debt under a Loan Agreement;

4) war; civil unrest, riots of a mass nature outside the Republic of Kazakhstan, impeding the fulfillment of obligations on Export Delivery under the Contract or impeding the fulfillment of obligations of a Foreign Counterparty to pay or redeem the Principal Debt under a Loan Agreement.

9. Insured events of a commercial nature:

1) bankruptcy and/or liquidation of a Foreign Counterparty;

2) non-performance (improper performance) by the Foreign Counterparty of assumed obligations to repay the Principal Debt in accordance with the repayment schedule attached to the Loan Agreement.

10. An event considered as an Insured Event shall have all of the following characteristics:

1) probability and randomness of the event occurrence;

2) unpredictability regarding the specific time or place of occurrence of the event, as well as the amount of losses as a result of the event;

3) absence of the risk that the event is inevitable and objectively shall occur within the scope of the Insurance Contract, which the Parties or, at least, the Insurant knowingly knew or were aware of in advance;

4) occurrence of an event has negative, unprofitable economic consequences for the property interest of the Insurant;

5) occurrence of the event is not related to the will and/or intent of the Insurant and does not provide for the purpose of extracting benefits and/or obtaining winnings (speculative risk).

## **Chapter 4. Exceptions from insured events and insurance limits**

11. Unless otherwise specified in the Insurance Contract, the insurance coverage does not cover losses resulting from the following cases:

1) deliberate actions of the Insurant or Beneficiary aimed at the occurrence of an Insured Event or contributing to its occurrence;

- 2) actions of the Insurant or Beneficiary recognized in accordance with the procedure established by legislative acts as intentional crimes or administrative offenses that are causally related to the Insured Event;
  - 3) failure of the Insurant or Beneficiary to comply with the requirements of regulatory legal acts of the Republic of Kazakhstan and foreign countries,
  - 4) actions of the state body of the Country of the Foreign Counterparty or the Country of the Credit Institution with which the Insurant and/or Beneficiary agreed and for which they are liable;
  - 5) restrictions on the transfer and translation of funds from the country of the Foreign Counterparty to the Insurant prior to effective date of the Insurance Contract or on the date of its subsequent prolongation or renewal;
  - 6) direct or indirect effects of radiation and/or radioactive contamination, use of nuclear weapons, use or toxic leak;
  - 7) wars (whether before or after the outbreak of hostilities) between any of the following five States: the People's Republic of China, the United States of America, the Russian Federation, the United Kingdom of Great Britain and Northern Ireland, the French Republic;
  - 8) actions of the state body of the Country of Foreign Counterparty or the Country of the Credit Institution that took place on the date of conclusion of the Insurance Contract, or on the date of its subsequent prolongation or renewal;
  - 9) provision of the Insurer with knowingly false information by the Insurant or Beneficiary, as well as concealment by the Insurant or Beneficiary from the Insurer of any facts, circumstances and/or conditions essential for the conclusion and execution of the Insurance Contract about the Insurance Object, including its intended use, exporter, insurance risk, insured event and its consequences;
  - 10) deliberate failure of the Insurant or Beneficiary to take measures to reduce losses from the Insured Event;
  - 11) failure to notify or untimely notification of the Insurer of the Insured Event;
  - 12) refusal of the Beneficiary to waive its right of claim against the person responsible for the occurrence of the Insured Event, as well as refusal to transfer to the Insurer the documents necessary for the transfer of the right of claim to the Insurant;
  - 13) receipt by the Beneficiary of the full amount of compensation for the corresponding loss from the state body, Guarantor or any other institution;
  - 14) failure of the Insurant or Beneficiary to comply with any of the guarantees specified in Chapter 5 herein;
  - 15) affiliation of a Credit Institution with a Foreign Counterparty or Exporter, or a Foreign Counterparty with an Exporter, when an Insured Event of a commercial nature occurs;
  - 16) recognition of the Loan Agreement as invalid, in accordance with the procedure established by law;
  - 17) provision of services that are not related to the provision of loans;
  - 18) occurrence of losses before the Insurance Contract enters into force or detection of losses after the Insurance Contract expires;
  - 19) illegal actions of the Insurant or Beneficiary;
  - 20) other events not related to the events specified in Chapter 3 of these Regulations and not specified in the Insurance Contract.
12. Insurance Contract may stipulate other exceptions from Insured Events and other insurance limits.

## **Chapter 5. Guarantees**

13. The Insurant and the Beneficiary guarantee and agree that:

- 1) they are not aware of any requirements, conditions or events as of the date of conclusion

of the Insurance Contract that could lead to an Insured Event under the Insurance Contract, and all information provided by the Insurant is true and correct, and no material information has been withheld;

2) all agreements between a Credit Institution and a Foreign Counterparty are executed in full compliance with the legislative and other regulatory legal acts that are subject to compliance in the performance of the contract;

3) they will act during the term of the Insurance Contract with full responsibility and as if they had not entered into an Insurance Contract, and will take all possible measures to avoid, minimize and/or compensate for Losses, including, but not limited to:

- before and/or after the Insurance Benefit is paid, they will, in agreement with the Insurer, ensure that the latter uses all possible channels, including diplomatic, legal, administrative, and informal channels that may be available;

- they will take all necessary measures for currency conversion and money transfer;

- they will not allow any compromise agreements to be entered into in respect of any loss or possible loss without the consent of the Insurer;

- they will provide maximum assistance in the investigation of an Insured Event, including access to records and documents, as well as witnesses;

4) the Credit Institution and the Foreign Counterparty have taken or will take all measures to obtain the required licenses or permits and will promptly take all measures and submit all documents for obtaining, renewal, updating or correcting such licenses or permits in order to comply with any new license or permit requirements during the term of the Insurance Contract, if obtaining the above licenses or permits is mandatory;

5) they operate and will continue to operate in accordance with the legislation of the Republic of Kazakhstan and/or a foreign country;

6) they will not take any actions without prior notice and consent of the Insurer that may lead to significant changes in the Contract, Loan Agreement, or Insurance Contract.

14. The Insurant guarantees confidentiality, i.e. that it will not disclose the existence of the Insurance Contract at any time to any third party, without the written consent of the Insurer.

15. The Insurance Contract may provide additional guarantees and special conditions.

## **Chapter 6. Procedure for concluding an Insurance Contract**

16. The application of the Insurant provided in the form established by the Insurer and documents attached thereto serve as a basis for signing the Insurance Contract.

17. The Insurance Contract shall contain:

1) name, location and bank details of the Insurer;

2) last name, first name, patronymic (if it is specified in the identity document) and place of residence of the Insurant (if it is an individual) or its name, location and bank details (if it is a legal entity);

3) indication of the Insurance Object;

4) indication of the Insured Event;

5) amount of coverage, procedure and terms of payment of Insurance Benefit;

6) amount of Insurance Premium, procedure and terms of payment;

7) date of conclusion and duration of the contract;

8) information about the Insurant and the Beneficiary, if they are participants in the insurance relationship;

9) number, series of the contract;

10) cases and procedure for making amendments to the contract;

11) the Insurant's obligation to immediately inform the Insurer of significant changes in the circumstances reported to the Insurer at the conclusion of the contract, if these amendments may significantly affect the increase in the Insurance Risk during the term of the Insurance Contract;



- 12) terms for notifying the Insurant or the Insured of missing documents required for payment of the Insurance Benefit;
  - 13) currency of the Insured Amount, Insurance Benefit and Insurance Premium;
  - 14) specification of identification number, residence and economic sector of the Insurant;
  - 15) specification of identification number, residence indicator and sector of economy of the Insured (Beneficiary), if it is not the Insurant under the Insurance Contract, in case of specification of the Insurant (Beneficiary) in the Insurance Contract;
  - 16) condition on Unconditional Franchise;
  - 17) Insurance Interest.
18. By agreement between the Insurant, the Insurer and the Beneficiary, on the basis of these Insurance Regulations and by decision of the executive body of the Insurer, Insurance Contracts may be concluded that provide for the amendment or exclusion of certain provisions of these Insurance Regulations, as well as additional conditions determined at the conclusion of the Insurance Contract.
19. If the Insurant or Beneficiary loses the Insurance Contract, the Insurer issues a duplicate of the Insurance Contract on the basis of a written application from the Insurant or Beneficiary, after which the lost Insurance Contract is considered invalid and no Insurance Benefit is paid under it.

## **Chapter 7. Period and place of validity of the Insurance Contract**

20. The Insurance Contract shall enter into force and become binding for the parties from the date of payment of Insurance Premium by the Insurant, and in case of instalment payment, from the date of the first insurance payment, unless otherwise stipulated by the Insurance Contract.
21. The Insurance Contract shall be terminated in accordance with Chapter 18 of these Regulations.
22. Validity period of insurance coverage corresponds with duration of the Insurance Contract, unless otherwise stipulated by the Insurance Contract.
23. Place of validity of the Insurance Contract (insurance territory) shall cover only the territory or territories specified in the Insurance Contract.

## **Chapter 8. Procedure for determination of the Insurance Coverage**

24. The Insured Amount is established by agreement of the parties within the amount of losses that the Credit Institution may incur as a result of non-performance (improper performance) of obligations of a Foreign Counterparty to repay the Principal Debt under a Loan Agreement, or bankruptcy of a Foreign Counterparty.

## **Chapter 9. Insurance Premium**

25. The amount of the Insurance Premium payable under the Insurance Contract is calculated according to the insurance rates determined by the Insurer.
26. The amount of the Insurance Premium may be adjusted if the insured amount changes during the term of the Insurance Contract by entering into an additional agreement to the Insurance Contract.
27. The Insurance Premium is payable by the Insurant in a non-cash form at a time or in installments, unless otherwise provided in the Insurance Contract.
28. If the Insurance Premium is not paid in full before the term specified in the Insurance Contract, the insurance coverage under the Insurance Contract is suspended unilaterally by the

Insurer from the day following the day when the payment of the Insurance Premium (the next Insurance Premium) is overdue. In this case, the Insurer shall not be liable for Insured Events that occurred during the suspension of Insurance Coverage. The Insurer has the right to demand payment of a penalty (fine, forfeit) for late performance of monetary obligations by the Insurant in the amount determined by the Insurance Contract.

29. The Insurance Contract is terminated by the Insurer unilaterally if, within 30 (thirty) calendar days after the suspension of Insurance Coverage under the Insurance Contract, the Insurant has not paid the Insurance Premium (overdue Insurance Premium and/or next Insurance Premium, if such payment is due). In this case, the Insurer shall notify the Insurant and the Beneficiary in writing of the termination of the Insurance Contract in accordance with Chapter 18 of the Regulations.

30. Suspension of the Insurance Coverage does not release the Insurant from full payment of the Insurance Premium for the period of insurance coverage until the date of termination of the Insurance Contract.

31. The Insurer has the right to renew the Insurance Coverage based on written application of the Insurant after payment of the overdue Insurance Premium (overdue Insurance Payment and/or the next Insurance Premium, if the payment period has come). In this case, Insurance Contract validity is not extended while Insurance Premium (Insurance Contribution) paid for the period of suspension of Insurance Coverage is not returned.

32. In case of occurrence of Insured Event before the Insurant has paid its Insurance Premium (Insurance Payment), if the Insurant has violated the obligation to pay Insurance Premium in due time, the Insurer has the right to refuse to pay the Insurance Benefit.

33. In case of untimely payment of regular Insurance Payment, the Insurer is entitled to demand the payment of penalty from the Insurant in order and in the amount specified in the Civil Code of the Republic of Kazakhstan.

## **Chapter 10. Rights and Obligations of the Parties**

34. The Insurant is entitled to:

- 1) request explanations on insurance conditions, its rights and obligations under the Insurance Contract from the Insurer;
- 2) get a duplicate of the insurance contract in case of its loss;
- 3) involve an independent expert to measure the amount of Loss;
- 4) review results of assessment of incurred Loss and calculations of the amount of Insurance Benefit paid by the Insurer or an Independent Expert;
- 5) challenge the decision of the Insurer on refusal from payment of Insurance Benefit or reduction of its amount in order set forth by the legislation of the Republic of Kazakhstan;
- 6) receive Insurance Benefit in cases stipulated by the Insurance Contract;
- 7) perform other actions stipulated by the laws and regulations of the Republic of Kazakhstan.

35. The Insurant is obliged to:

- 1) agree with the Insurer to change the terms of the Contract and/or Loan Agreement;
- 2) strictly guarantee and fulfill all the conditions specified in Chapter 5 of these Regulations and the Insurance Contract;
- 3) ensure that all required licenses and permits are available before the export begins;
- 4) to pay insurance premium in the amount, procedure and terms established by the Insurance Contract;
- 5) inform the Insurer on all facts, circumstances and conditions in its knowledge, which may significantly affect occurrence of the insured event, both prior to conclusion of the insurance contract and during the period of the insurance contract;
- 6) notify the Insurer of occurrence, unless otherwise specified in the Insurance Contract,

immediately after it has become aware of the occurrence of an event that has the characteristics of an Insured Event and/or the consequence of which may Insured Event occur;

7) take measures to reduce the losses from the Insured Event;

8) participate in the amount of Loss that may arise as a result of the Insured Event, in the amount of Unconditional Franchise, and not to insure or transfer a part of the cost of Insurance Object not covered by insurance;

9) provide the insurer with all information necessary for the conclusion and execution of the insurance contract;

10) to take, including by the Insurer's instructions, all measures to prevent occurrence of an Insured Event and to minimize the amount of loss upon the occurrence of an Insured Event, as well as to obtain compensation for losses; The Insurants shall always act as if they were not protected by the Insurance Contract;

11) notify the Insurer within 5 (five) calendar days in writing upon receipt of any payment under the Loan Agreement after notifying the Insurer of the occurrence of an event that has the signs of an Insured Event;

12) do not enter into any agreements after the occurrence of an event that has the signs of an Insured Event without the consent of the Insurer;

13) ensure the transition to the Insurer of the right of claim against the entity responsible for the occurrence of the Insured Event (subrogation);

14) not to disclose the fact of presence of the Insurance Contract to the third parties without prior written consent of the Insurer;

15) make the payment due under the Loan Agreement separately to a special Bank account if the event specified in clause 8(3) of these Regulations occurs.

36. The Insurer is entitled to:

1) require the Insurant and Beneficiary to provide information necessary for the conclusion and execution of the Insurance Contract;

2) request documents confirming fact of occurrence of the Insured Event and the amount of loss from the relevant authorities of a foreign country;

3) use services of an independent expert or appraiser to determine the amount of loss in the event of an Insured Event;

4) participate in actions to minimize losses and collect debts after receiving notification of overdue payment under the Loan Agreement;

5) refuse to pay the Insurance Benefit in full or in part on the basis stipulated by Chapter 4 of these Regulations;

6) refuse to pay the insurance benefit or to demand its return in the case of presenting false information or failure to notify on received payment;

7) terminate the Insurance Contract unilaterally if, within 30 (thirty) calendar days after the suspension of Insurance Coverage, the Insurant has not paid the Insurance Premium under the Insurance Contract (overdue Insurance Premium and/or next Insurance Premium, if such payment is due).

8) perform other actions stipulated by the laws and regulations of the Republic of Kazakhstan.

37. The Insurer is obliged to:

1) familiarize the Insurant and Beneficiary with these Regulations and, upon their request, submit (send) a copy of the Regulations;

2) pay Insurance Benefit when the Insured Event occurs in the amount, in accordance with the procedure and at terms specified in the Insurance Contract;

3) ensure secrecy of insurance as per the legislation of the Republic of Kazakhstan;

4) reimburse the Beneficiary for expenses incurred in order to prevent or reduce losses, if such expenses were necessary or were made to comply with the instructions of the Insurer, even if the relevant measures were unsuccessful;

5) notify the Beneficiary within 15 (fifteen) calendar days of the missing documents

required for payment of the Insurance Benefit.

38. The Insurance Contract may stipulate other rights and obligations not contradicting the legislation of the Republic of Kazakhstan.

39. The Beneficiary has the right:

- 1) to require the Insurer to provide information on its solvency and financial stability;
- 2) to require the Insurer to pay the Insurance Benefit in accordance with the terms of the Insurance Contract.

40. The Beneficiary is obliged:

- 1) inform the Insurer when signing the Insurance Contract of all circumstances known that are essential for assessment of the Insurance Risk and Insurer's decision to conclude the Insurance Contract;

- 2) to comply with the terms of the Insurance;

- 3) to provide the Insurer with all information available, allowing to judge the causes, progress and consequences of the Insured Event, the nature and extent of the loss caused.

- 4) to notify the Insurer about the occurrence of an event that has the signs of an Insured Event and/or which may result in an Insured Event, within the terms established by the Insurance Contract;

- 5) to provide the Insurer with all documents and information required for payment of the Insurance Benefit;

- 6) to coordinate all actions for collection and settlement of debt under the Loan Agreement with the Insurer in writing;

- 7) to ensure transition of the right of claim to the Insurer to be made to the person responsible for occurrence of the Insured Event.

## **Chapter 11. Monitoring**

41. The Loan Agreement, under which the coverage is provided according to these Regulations, shall contain conditions providing for the right of the Beneficiary to monitor intended use of borrowed funds by the Insurant and request documents from the Insurant in compliance with the requirements for keeping of banking and commercial secrets during the entire term of the Insurance Contract.

42. The Insurance Contract must contain conditions that provide for the Beneficiary's obligations to provide copies of contracts, payment orders, and other documents contained in the credit file requested by the Insurer for monitoring purposes, certified by the Beneficiary, upon the written request of the Insurer.

## **Chapter 12. Consequences of increased Insurance Risk within the Insurance Contract validity period**

43. During the Insurance Contract validity period the Beneficiary shall be obliged to inform the Insurer in writing not later than 30 (thirty) calendar days from the date when it became known about significant changes in the circumstances reported to the Insurer when the Insurance Contract was signed, if these changes may affect the increase in the Insurance Risk.

44. Significant changes in any case are the following:

- 1) change of conditions of target use of the credit (loan), loan amount and other specified payments, procedure and terms of repayment of the loan, availability period, interest rate, term of the Loan Agreement;

- 2) replacement of a party under a Loan Agreement, pledge agreements, guarantee agreements or sureties;

- 3) change of terms and subject of collateral under Loan Agreement.

Insurance Contract may also stipulate other significant changes affecting the increase of Insurance Risk.

45. If the Beneficiary fails to comply with condition provided for in clause 44 hereof, the Insurer shall be entitled to demand termination of the Insurance Contract and compensation for losses caused by termination of the Insurance Contract, or upon the occurrence of an Insured Event, to reduce the amount of the Insurance Benefit in proportion to the increase in the Insurance Risk, or refuse to pay the Insurance Benefit.

46. The Insurer has the right to refuse to pay the Insurance Benefit if the cause of the Insured Event was the amendments specified in paragraph 45 of these Regulations, and the Beneficiary did not notify the Insurer of them within the period specified in clause 44 of these Rules.

### **Chapter 13. Actions of the Insurant and/or Beneficiary in the event of an Insured Event**

47. Proof of the occurrence of an Insured Event, as well as the Losses caused by it, lies with the Insurant and/or the Beneficiary.

48. Unless otherwise agreed in the Insurance Contract, upon occurrence of the event having signs of Insured Event and/or which can result in occurrence of the Insurance Event, and/or increasing the risk of occurrence of the Insured Event and upon occurrence of the Insured Event, the Insurant and/or the Beneficiary shall:

- 1) take all measures to prevent or reduce possible losses;
- 2) take all measures to obtain documents confirming occurrence of the Insured Event;
- 3) notify the Insurer within the period specified in the Insurance Contract in a way allowing to determine the date of departure of the message of any event having signs of Insured Event and/or which can result in occurrence of Insured Event, and provide the Insurer with all necessary information and documentation regarding all circumstances of the case, in particular, information and documents obtained in connection with the event, including the names, titles and addresses of persons involved in this event, including the plaintiffs;
- 4) provide the Insurer with all documents and information required for payment of the Insurance Benefit;
- 5) provide the Insurer with the opportunity to investigate the causes and amount of the loss, to participate in measures to reduce the loss.

49. The Insurer or its representative may initiate an investigation of an insured event without waiting for the Insurant and/or Beneficiary to be notified of the event. The Insurant and/or the Beneficiary have no right to prevent them from doing so.

50. The Insurant and/or Beneficiary must provide all further information on the Insured Event and provide necessary assistance to the Insurer.

### **Chapter 14. List of documents confirming the occurrence of an Insured Event and the amount of losses**

51. The insurance payment is made by the Insurer on the basis of the application of Insurant or Beneficiary for Insurance Benefit and the Summary Claim Report .

52. The Summary Claim Report shall be prepared by the Insurer or person authorized by Insurer.

53. The Summary Claim Report shall not be prepared, if during the verification of the statement of claim it is established that the loss for the Beneficiary was not the result of an insured event, or if due to delay of notification, it is impossible to establish the fact, the cause of loss of the Beneficiary and/or the size of this loss. In this case the insurer shall fill in document of optional

form specifying reasons for impossibility of preparation of the certificate on the insured event.

54. The fact and cause of the insured event that resulted in the loss must be confirmed by the following documents provided by the Beneficiary:

- 1) claim for an Insured Event in accordance with the form posted on the Insurer's corporate Internet resource;
- 2) copy of the Insurance Contract;
- 3) a copy of the Loan agreement;
- 4) notarized copy of the written request (notification) from the Beneficiary to the Insurant, on the need for compensation (payment) of the loss by the Insurant in accordance with the terms of the Loan Agreement, with the attachment of documents provided for in the terms of the Loan Agreement;
- 5) Beneficiary's certificate of the Insurant's loan debt under the Loan Agreement;
- 6) notarized copies/copies of materials from the credit dossier if there is a corresponding requirement of the Insurer. In this case the Insurer shall provide the specified list of documents required, at the opinion of the Insurer, for consideration of the application for occurrence of the Insured Event;
- 7) calculation of the amount of Loss with indication of the Beneficiary's Bank details for payment of Insurance Benefit;
- 8) a copy of pledge agreements, mortgages, guarantees, sureties, and other agreements that are collateral for the Loan Agreement (if any);
- 9) copy of the statement of claim (if any);
- 10) court ruling on initiation of civil proceedings on the claim of the Beneficiary, on the recovery from the Insurant of the amount owed under the Loan Agreement (if any);
- 11) original court decision on recovery of the amount of the Insurant's debt under the Loan Agreement (if any);
- 12) other documents confirming the cause and amount of the Loss.

## **Chapter 15. Insurance Benefits payment procedure and conditions**

55. After receiving a written statement from the Insurant or Beneficiary about the occurrence of an event that has the signs of an insured event, as well as after providing all the documents necessary for insurance payment, the Insurer performs the following actions:

- 1) establishes the fact and causes of the occurrence of the event having the signs of the insured event;
- 2) verifies that the information provided in the Insurant's application is true;
- 3) determines the need to attract experts, appraisers, and performs other actions;
- 4) takes measures for mitigating losses, if it is possible, during the deferred period specified by the Insurance Contract, jointly with the Insurant or on its own;
- 5) determines the amount of Insurance Benefit and draws up the certificate on the Insured Event when the case is recognised as the Insured Event.

56. The Insurance Benefit is paid by the Insurer after the expiration of the deferred period specified in the Insurance Contract and on the basis of the documents provided by the Insurant specified in Chapter 15 of these Regulations.

57. The Insurer shall pay the Insurance Benefit to the extent of the loss within the amount of coverage incurred by the Beneficiary as a result of the Insured Event, less the Unconditional Franchise for each type of Insured Event.

Insurance Benefit within the Insured Amount = Loss - Unconditional Franchise.

58. The Loss is determined in the amount of no more than the amount of the Principal Debt under the Loan Agreement.

59. The procedure for deducting an Unconditional Franchise is determined by the Insurance Contract.

60. If the amount of the Loan Agreement is set in a foreign currency, the Insurance Benefit is paid at the exchange rate of tenge to the currency of the Loan Agreement established by the National Bank of the Republic of Kazakhstan on the date of notification of the Insured Event, unless otherwise provided by the Insurance Contract.

61. Before payment the Insurance Benefit, the Beneficiary must conclude an agreement with the Insurer on the transfer of the right of claim in the amount of the Insurance Benefit to be paid.

62. If the Beneficiary receives reimbursement for incurred loss from the third parties, the Insurer shall pay the Insurance Benefit to the extent of difference between the amount of incurred loss and reimbursement obtained by the Beneficiary, taking into account the Unconditional Franchise.

63. The Beneficiary, that received payment or reimbursement for incurred loss from the third parties, is obliged to return extra amount of the Insurance Benefit to the Insurer.

64. In case of disputes between the parties regarding the causes and extent of the loss, each party has the right to request an examination. The examination is carried out at the expense of the requesting party.

65. Expenses incurred by the Beneficiary for prevention or reduction in losses shall be indemnified by the Insurer, if such expenses were necessary or incurred to implement the Insurer's instructions, even if the relevant measures proved unsuccessful. Such expenses shall be reimbursed in actual amounts, however, the total amount of the insurance benefit and compensation of expenses shall not exceed the amount of coverage specified in the Insurance Contract. If expenses are incurred as a result of the Beneficiary's execution of the Insurer's instructions, they are reimbursed in full, regardless of the insured amount.

66. The Insurer is exempt from payment of Insurance Benefits in respect of those losses that have arisen due to the fact that the Insurant and/or the Beneficiary intentionally did not take reasonable and accessible measures to reduce possible losses.

67. If it is impossible to determine the cause of the loss, such loss shall be considered as arisen due to the insured event of a commercial nature.

## **Chapter 16. Terms for taking decision on Insurance Benefit or refusal in payment**

68. When the Insurer receives a notification on occurrence of the event with indications of the insured event from the Insurant or Beneficiary, he shall establish a deferred period as follows:

- 1) in the case of bankruptcy - not applicable;
- 2) when an insurance event occurs, except for bankruptcy - up to 60 (sixty) calendar days.

69. If the Insurer decides to refuse the Insurance Benefit, he justifiably justifies the reason for such refusal.

70. The Insurer, after receiving all the necessary documents, makes a decision on the Insurance Benefit or refusal of Insurance Benefit within 30 (thirty) business days from the date of expiration of the deferred period.

71. The Insurance Benefit is paid to the Beneficiary within 10 (ten) business days from the day following the day when the decision on the Insurance Benefit is made.

72. If the law enforcement authorities of the Country of the foreign counterparty, the Country of the credit institution or of the Republic of Kazakhstan initiated a criminal case connected with activity of the Insurant and/or the Beneficiary, the Insurer is entitled to postpone the term for making decision on Insurance Benefit pending investigation or trial by written notification to the Beneficiary with the reasons for the delay.

73. The Insurer has the right to postpone the decision on the Insurance Benefit if it has reasonable doubts in relation to authenticity of documents confirming the Insured Event or the amount of losses until the authenticity of such documents is confirmed.

## **Chapter 17. Conditions of termination of the Insurance Contract**

74. After the Insurance Benefit is paid, the Insurance Contract continues for the entire period of Insurance Coverage. In this case, the Insured Amount is reduced by the amount of the Insurance Benefit. The Insurance Contract shall be terminated in case of payment of the Insurance Benefit in full amount of coverage.

75. The Parties have the right to terminate the Insurance Contract with the consent of the other parties to the Contract by concluding a separate agreement of the Parties.

76. The Insurance Contract is terminated prematurely under one of the following circumstances:

- 1) Insurance Object ceased to exist;
- 2) likelihood of occurrence of Insured Event has disappeared, and the existence of the insured risk has ceased due to circumstances other than the Insured Event;
- 3) entry into force of the court decision on compulsory liquidation of the Insurer, except for the cases provided by the Law of the Republic of Kazakhstan "On Insurance Activities";
- 4) if within 30 (thirty) calendar days after the suspension of Insurance Coverage under the Insurance Contract, the Insurant has not received the Insurance Benefit (overdue Insurance Premium and/or the next Insurance Premium, if such payment is due);
- 5) in other cases stipulated by the legislation.

In these cases, the Insurance Contract shall be deemed terminated from the moment of occurrence of the circumstances provided for by this clause as a basis for termination of the Insurance Contract, for which an interested party shall immediately, but not later than 10 (ten) business days notify the other party in writing with the provision of copies of supporting documents. In this case, such a written notification is sufficient documentary evidence of the termination of the Insurance Contract, and the Insurer shall have the right for a part of the Insurance Premium, in proportion to the time during which the coverage was valid.

77. In cases when early termination of the Insurance Contract is caused by failure to comply with terms and conditions due to the fault of the Insurer, the latter shall return paid Insurance Premium or Insurance Payments to the Insurant in full.

## **Chapter 18. Subrogation**

78. The Insurer who has paid the Insurance Benefit shall be entitled to claim up to the amount paid by the Insurant to the person responsible for the losses, reimbursed as a result of the insurance.

79. The Beneficiary shall, upon receipt of the Insurance Benefit, without delay hand over to the Insurer all documents and evidence available and provide all information necessary for the Insurer to exercise the right of claim transferred to it.

80. The indemnities, made by the person responsible for the losses or by a third party for repayment of the loss arising from the Insured Event, shall belong to the Insurer upon payment of the Insurance Benefit. The Beneficiary is obliged to inform the Insurer of these compensations immediately and transfer them to the Insurer within 5 (five) calendar days from the date of receipt.

81. If the Beneficiary waives its right to claim against the third person responsible for the losses indemnified by the Insurer, or the exercise of this right is impossible due to the fault of the Insurant, the Insurer shall be exempted from the Insurance Benefit in full or in the relevant part and shall be entitled to demand the refund of the overpaid amount.

## **Chapter 19. Additional Conditions.**



82. By agreement of the parties, an Insurance Contract concluded in accordance with these Insurance Regulations may include additional conditions, if they do not contradict the legislative acts of the Republic of Kazakhstan.

## **Chapter 20. Dispute settlement procedure**

83. Disputes under the Insurance Contract that arise between the parties to the Insurance Contract are considered by them through negotiations.

84. If no agreement is reached between the parties, the dispute is resolved in accordance with the procedure specified in the Insurance Contract.