

Annex 3 to the minutes
of the Board of Directors
of EIC "KazakhExport" JSC
No. 6 dated July 10, 2020

"Approved"
with the Resolution of the Board of Directors
of EIC "KazakhExport" JSC
minutes No.6__ dated July 10, 2020

**Regulations of Export Insurance Company "KazakhExport" Joint Stock
Company for insurance of bank guarantees issued by foreign banks**

IRD name	Regulations of Export Insurance Company "KazakhExport" Joint Stock Company for insurance of bank guarantees issued by foreign banks
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:	

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Chapter 1. General provisions

1. These Regulations of Export Insurance Company "KazakhExport" Joint Stock Company for insurance of bank guarantees issued by foreign banks (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", regulatory legal acts of the Republic of Kazakhstan, the Charter and internal regulatory documents of the Export Insurance Company "KazakhExport" Joint-Stock Company.

2. Export Insurance Company "KazakhExport" JSC, hereinafter referred to as the Insurer, concludes insurance contracts for bank guarantees (hereinafter referred to as the Insurance Contract) on the basis of these Regulations.

3. Insurance coverage is provided to second-tier banks of the Republic of Kazakhstan, Development Bank of Kazakhstan Joint-Stock Company or Exporter (hereinafter - the Insurant), which are supported in accordance with the goals and objectives of the Insurer in accordance with its Charter.

4. According to the insurance contract, only the risk of insured can be insured herein and only in its favor.

5. The insurance contract signed for the benefit of a person who is not the insured or for the benefit of another person (beneficiary) is invalid.

6. The purpose of these Regulations is to determine the standard insurance conditions of Bank guarantees against the risks of occurrence of the events specified in Chapter 3 of these Regulations during the term of the insurance contract.

7. The following concepts are used herein:

1) **Bank Guarantee** - a payment obligation issued in writing by the Guarantor Bank to pay a sum of money in favor of the Beneficiary for the Debtor, if the Lender submits a written payment request, as well as other documents in accordance with the terms of the guarantee;

2) **Guarantor Bank** - the Bank issuing the guarantee;

3) **Counter-Guarantor Bank** - a Bank that issues counter-guarantee;

4) **Beneficiary** - Exporter who has the right to demand from the Debtor and the performance of its obligations;

5) **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;

6) **State Authority** - 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;

7) **Insurance Contract** - the insurance contract the Bank Guarantee under which the Insurant undertakes to pay the insurance premium and the Insurer undertakes in the insurance case to make insurance payment to the Insurant within specific Insurance Contract the Insured Amount;

8) **Debtor** – Foreign Counterparty that accepts obligations to pay money in favor of the Beneficiary;

9) **Foreign Bank** – a non-resident bank of the Republic of Kazakhstan that is a Counter-Guarantee Bank or a Guarantor Bank;

10) **Foreign Counterparty** – a legal entity or individual of a foreign state that carries out business activities, acts as a buyer, customer, and has concluded a contract with an exporter for the export of Kazakhstani goods, works, and services;

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

12) **Counter-Guarantee** - the obligation of the Counter-Guarantor Bank issued to the Guarantor Bank to pay it any amounts for which the latter received a payment claim under the

guarantee from the Beneficiary;

13) **Credit Limit** - the amount of the maximum allowable amount of obligations covered by insurance coverage set by the Insurer separately for each foreign bank;

14) **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;

15) **Insurant**- a second-tier bank of the Republic of Kazakhstan, Development Bank of Kazakhstan Joint-Stock Company or an Exporter that has concluded an insurance contract with the Insurer. Under the terms of these Regulations, the Insurant is both the insurant and the beneficiary;

16) **Insurer** – Export insurance company "KazakhExport" Joint-Stock Company, which carries out insurance, that is, is obliged to make an Insurance payment to the Insurant in the event of an Insured event, within the amount specified in the Contract (Insurance amount);

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

18) **Insurance Payment** - the amount of money, expressed in Kazakhstani tenge, paid by the Insurer to the Insurant within the insured amount upon the occurrence of an insured event;

19) **Insurance Premium** - the amount of money expressed in Kazakhstani tenge, which the Insurant is obliged to pay to the Insurer for their acceptance of obligations to make an Insurance payment to the Insurant on the terms and in the amount determined by the Insurance Contract;

20) **Insurance Amount** - the amount of money for which the object of insurance is insured and which represents the maximum amount of liability of the insurer in the event of an insured event, taking into account the Unconditional franchise. The currency of the Insured Amount is set in the Insurance Contract;

21) **Insured event** - is an event under which the insurance benefit is to be paid according to the insurance contract;

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

23) **Loss** - loss of the Insurant arising from the failure of a Foreign Bank to fulfill its obligations under a Bank Guarantee or Counter-Guarantee. For the purposes of these Regulations, a Loss should be understood exclusively as a monetary amount that must be paid by a Foreign Bank in favor of the Beneficiary under the terms of a Bank Guarantee or in favor of the Guarantor Bank under the terms of a Counter-Guarantee.

In the definition of Loss does not include indebtedness of a Foreign Bank before the Insurant at maturity (payment): lost profits; penalties, fines and interest; accrued and outstanding interest, commissions and other similar payments which are not the above mentioned payments to Foreign Bank amounts under the terms of the Bank Guarantee or Counter-Guarantee; legal costs in connection with the appeal, including the judicial authorities, for the recovery of any debt of a Foreign Bank before the Insured; and losses caused by unlawful use of other people's money;

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

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 Item

8. The object of insurance is the property interest of the Insurant associated with the occurrence of a possible Loss as a result of a violation by a Foreign Bank of its obligations to make payments under a Bank Guarantee or Counter-Guarantee.

9. The coverage is provided by:

1) Second-tier bank of the Republic of Kazakhstan – in case of non-fulfillment by a Foreign

Bank of its obligations under the Counter-Guarantee;

2) Development Bank of Kazakhstan Joint-Stock Company - in case of non-fulfillment by a Foreign Bank of its obligations under the Counter-Guarantee;

3) Exporter – if the Foreign Bank fails to fulfill its obligations under the Bank Guarantee.

10. In the Insurance Contract the Insurant is:

1) Second-tier bank of the Republic of Kazakhstan;

2) Development Bank of Kazakhstan Joint-Stock Company;

3) Exporter.

Chapter 3. Insured events

11. In accordance with the terms of these Regulations, the Insurer provides insurance coverage against Losses associated with non-fulfillment of an obligation by a foreign bank to the insured in relation to Bank Guarantees or Counter-Guarantees and occurred as a result of the occurrence of insurance events listed in this chapter.

12. Insured events of a political nature:

1) action of the state body of the country of the foreign Bank on expropriation, confiscation, or interference in the activities of the Bank, which is discriminatory, preventing the fulfillment of obligations under the Bank guarantee or counter-guarantee;

2) war, civil unrest, mass disorder in the country of a foreign Bank, making it impossible to fulfill obligations under a Bank guarantee or counter-guarantee;

3) action of a state body of a foreign Bank restricting or prohibiting the conversion into a freely convertible currency and/or the transfer of a payment under a Bank guarantee or counter-guarantee.

13. Insured events of a commercial nature:

1) bankruptcy of a foreign Bank;

2) failure to make payment to the Insured from a foreign Bank within the period determined by the terms of the Bank guarantee or counter-guarantee.

14. 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).

15. The list of Insurance cases in the Insurance Contract is specified in accordance with Chapter 3 of these Regulations, while the Insurance Contract may also provide for other insurance cases.

16. An insured event is the occurrence of one or more insurance events defined in this Chapter and the Insurance Contract that caused a loss to the Insurant.

Chapter 4. Exclusions from insured events and limits of insurance

17. The Insurer shall not be liable under the insurance contract if the insured event occurred due to:

1) deliberate actions of the Insurant aimed at the occurrence of an insured event or

promoting its occurrence;

2) actions of the insurant, determined as intentional crimes or administrative offenses in causal links with the insured event in procedure set forth by legislative acts;

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

1) any violations on the part of the Insurant of the domestic legislation regulating operations with guarantees, as well as any violations on the part of the Insurant of the Unified Rules and Customs for Guarantees on Demand (publication of the International Chamber of Commerce No. 758, effective July 1, 2010), as well as other international customs and rules published by the International Chamber of Commerce that are causally related to a Bank Guarantee or Counter-Guarantee, directly or indirectly resulting in the occurrence of an insured event;

2) direct or indirect effects of radiation and/or radioactive contamination, use of nuclear weapons, use or toxic leak;

3) 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;

4) actions of the state body of the country of the Foreign Bank specified in clause 12(1) of the Regulations, which took place on the date of signing the insurance contract;

5) prohibition against the transfer of money from foreign Bank to the Insured before the date of commencement of the insurance contract;

19. Basis for refusal of the Insurer to pay insurance benefit may be as follows:

1) Insured informed the Insurer on knowingly false information, as well as concealment by the Insured from the Insurer of any material for conclusion and implementation of the insurance contract, facts, circumstances and / or conditions about the object of insurance, foreign Bank, insurance risk, insurance event and its consequences;

2) deliberate failure of the Insured to take measures for reduction in losses occurred due to the insured event;

3) failure to notify or late notification of the insurer of the occurrence of an insured event with a delay of more than 30 (thirty) business days;

4) Insured refused from its right of claim to the foreign Bank responsible for payment making within the terms stipulated by the Bank guarantee or counter-guarantee, as well as refusal to handle to the Insurer of the documents necessary for assigning to the Insurer the right of claim;

5) the Insured receives a full amount of indemnification of the respective loss by the Insured from the state bodies, the Guarantor or any other institution;

6) failure of the Insured to comply with any guarantees specified in Chapter 5 hereof which have led to the insured event;

7) affiliation of the Insured with a Foreign Bank upon the occurrence of the insured event of commercial nature.

20. Insurance Contract may provide for other exceptions to insurance claims, exemptions from insurance payments, and other insurance restrictions.

Chapter 5. Guarantees

21. The Insurant shall guarantee and agree that:

1) the insured is not aware of any claims, conditions or events at the date of signing an insurance contract, which may cause the insured event, and all information, provided by the insured, is reliable and correct, and no significant information was hidden;

2) the issue of a Bank guarantee or counter-guarantee is carried out in full compliance with legislative and other regulatory legal acts, as well as international agreements and/or customs and/or rules to be observed in the implementation of guarantee obligations;

3) the Insurant will act with full responsibility during the insurance contract period as if they

had not entered into insurance contract, and the insured will make every effort to avoid and mitigate and/or reimburse the loss, including, but not limited to:

4) to take all possible measures, including available diplomatic, legal, administrative, non-formal measures, prior to and/or upon receiving an insurance benefit as agreed with the Insurer;

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

6) will provide maximum assistance in the investigation of an insurance event, including access to records and documents, as well as witnesses;

7) will not take any action without prior notice and consent of the Insurer, which may lead to significant changes in the terms of the Bank guarantee or counter-guarantee;

8) the Beneficiary, in favor of which the execution is carried out under the Bank Guarantee, is an exporter of goods, works or services, the country of origin of which the Republic of Kazakhstan, and the Beneficiary, in favor of which the execution is carried out under the counter-guarantee, is a Kazakhstan Bank.

22. The Insurant shall ensure confidentiality, i.e. that it will not disclose the terms of the insurance contract at any time to any third party, including an foreign Bank, without the Insurer's consent.

23. The Insurance Contract may provide additional guarantees and additional conditions.

Chapter 6. Procedure for concluding an Insurance Contract

24. The basis for entering into an Insurance Contract is the application of the Insurant.

25. The insurance contract shall contain the following information:

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

2) surname, name, patronymic and place of residence of the Insurant (in the case if it is an individual) or name, location and bank details (in the case 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 (insurance policy);

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 Insurant 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) presence of insurable interest;

17) condition on unconditional franchise;

26. By agreement between the Insurant and the Insurer, on the basis of these Insurance Regulations and by resolution of the collegial body of the Insurer, insurance contracts may be concluded that provide for changes or exceptions to certain provisions of the Insurance Regulations, as well as additional conditions determined at the conclusion of the insurance contract.

27. If the Insurant has lost the insurance contract, the insurer shall issue a duplicate insurance contract by the written request of the Insurant, and the lost insurance contract shall be null and void, and no insurance benefit is provided.

28. The insurer shall be liable for incompleteness of provisions to be specified in the insurance contract. In the event of a dispute under the insurance contract due to the incompleteness of its specific terms, the dispute shall be resolved in favor of the insurant. The terms of this paragraph shall not apply to reinsurance agreements.

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

29. 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.

30. The Insurance Contract shall be terminated in accordance with Chapter 16 of these Regulations.

31. Validity period of insurance coverage corresponds with duration of the Insurance Contract, unless otherwise stipulated by the Insurance Contract.

32. Place of validity of the Insurance Contract (insurance territory) shall cover only the territory or territories specified in the Insurance Contract.

Chapter 8. Coverage amount determination procedure

33. The insurance amount is established by agreement of the parties to the Insurance Contract within the amount of the Loss that the Insurant may incur as a result of non-fulfillment by a Foreign Bank of its obligations under a Bank Guarantee or Counter-Guarantee.

34. When entering into an Insurance Contract, the amount of the Insured amount is determined by agreement of the parties, based on the amount of the Bank Guarantee or Counter-Guarantee.

Chapter 9. Insurance Premium

35. The amount of the Insurance premium payable under the Insurance Contract is calculated in accordance with the insurance rate determined by the Insurer.

36. The Insurer shall pay insurance premium by a non-cash transfer at a time or in the form of regular insurance premiums, as specified in the insurance contract. If the amount of the Bank Guarantee or Counter-Guarantee is set in a foreign currency, the insurance premium is paid at the exchange rate of tenge to this foreign currency set by the National Bank of the Republic of Kazakhstan on the date of conclusion of the Insurance Contract.

37. 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.

38. In case of non-payment of the Insurance premium in full before the term specified in the Insurance Contract, the coverage under the Insurance Contract shall be suspended unilaterally by the Insurer from the day following the day of the overdue payment of the next insurance contribution. 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 for untimely performance of financial obligations by the Insurant.

39. 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 16 of the Regulations.

40. If the insured event occurs prior to payment of certain insurance contribution, the Insurer shall provide the insurance benefit only upon payment of the full amount of the insurance benefit by the Insured. The Insurer is entitled to pay the insurance benefit less of the amount of not paid part of the insurance premium.

41. The Insurer has the right to renew the insurance coverage on the basis of a written application of the Insurant after payment of the overdue insurance premium or Insurance premium, as well as the next insurance premium, if such payment is due. In this case, Insurance Contract validity is not extended while paid insurance premium (insurance contribution) for the period of suspension of insurance coverage is not returned.

42. In the case of delayed payment of regular insurance contribution, the Insurer is entitled to demand the insured to pay penalty in order and in the amount specified in the Civil Code of the Republic of Kazakhstan.

Chapter 10. Rights and obligations of the parties

43. The Insurant is entitled to:

- 1) agree with the Insurer the terms of insurance of Bank guarantees or counter-guarantees;
- 2) require the Insurer to clarify the terms of insurance, their rights and obligations under the insurance contract;
- 3) get a duplicate of the Insurance Contract in case of loss;
- 4) involve an independent expert to measure the amount of damage caused;
- 5) review results of appraisal of incurred damage and calculations of the amount of insurance benefit, made by the insurer or an independent expert;
- 6) 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;
- 7) obtain insurance benefit in cases stipulated by the insurance contract;
- 8) perform other actions provided by legislative acts of the Republic of Kazakhstan.

44. The Insurant is obliged to:

- 1) not to transfer to third parties without the consent of the Insurer, on any grounds, the own share of risk under the Bank Guarantee or Counter-Guarantee, not covered by insurance coverage;
- 2) in any way acceptable by the Insurer to agree the alteration of the terms of the documentary letter credit, which can significantly affect the obligations of the Insurer, i.e. change in the amount and terms of the letter of credit;
- 3) notify the Insurer of the occurrence of an insured event within 30 (thirty) business days from the date of occurrence of the Insured event;
- 4) strictly ensure and comply with all conditions listed in Chapter 5 of the Regulations;
- 5) have a license of the National Bank of the Republic of Kazakhstan to open (issue) guarantees and fulfill obligations under it (if the Insurant is a second-tier bank of the Republic of Kazakhstan);
- 6) participate in the amount of loss that may arise due to the insured event, in the amount not covered by insurance coverage under the insurance contract;
- 7) provide the Insurer with all the information necessary for the conclusion and execution of the Insurance Contract;
- 8) inform the Insurer on the following facts orally without any delay and in 3 (three) calendar days in written form:
 - Insurant has not received the payment due from a Foreign Bank within the period established by the terms of the Bank Guarantee or Counter-Guarantee;

– occurrence of any facts, circumstances or conditions that may have a significant impact on the activities of the Insurant and/or a Foreign Bank and/or create a risk of an insured event;

9) make every effort including those at instructions of the insurer, for prevention of occurrence of the insured event and for mitigating the amount of loss when the insured event occurs, and for obtainment of reimbursement of the loss; the Insurant shall act as if it had not been secured by the insurance contract;

10) pay the insurance premium in the amount, procedure and terms set out in the insurance contract;

11) within 3 (three) working days, inform the Insurer in writing upon receipt of any payment under a Bank guarantee or counter-guarantee from a foreign Bank after notifying the Insurer of the occurrence of an event that has signs of an insured event;

12) upon occurrence of an event with signs of the insured event, not to enter into any agreements with the foreign counterparty without consent of the Insurer;

13) once the insurance benefit is paid transfer to the Insurer the right of claim to the Foreign Bank that has not performed its obligations to the Insured (subrogation);

14) not to disclose fact of presence or the insurance contract to the third parties without prior consent of the Insurer;

15) immediately notify the insurer of any significant changes in the circumstances reported to the insurer at the conclusion of the Insurance Contract, if these changes may significantly affect the increase in the insurance risk during the term of the Insurance Contract.

45. The Insurer is entitled to:

1) request the Insurant to provide information for signing and implementation of the insurance contract;

2) request from the relevant state authorities of the country of the foreign Bank the facts confirming occurrence of the insured event;

3) involve an independent expert to determine the extent of loss in case of occurrence of an insured event;

4) participate in measures to minimize the loss of the Insurant, indicating the need to take appropriate measures;

5) to 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) perform other actions provided by legislative acts of the Republic of Kazakhstan.

46. The Insurer is obliged to:

1) acquaint the Insurant with these Insurance Regulations of Bank Guarantees issued by a Foreign Bank and, upon request, to submit (send) a copy of these Regulations;

2) when the insured event occurs, pay insurance benefit in the amount, order and terms specified in the insurance contract;

3) ensure secrecy of insurance pursuant to the laws of the Republic of Kazakhstan;

4) To reimburse to the insurant all costs incurred for minimization of losses in case of the insured event;

5) notify the Insurant of the missing documents required for making the insurance payment within 30 (thirty) calendar days from the date of receipt of the previous document.

47. The Insurance Contract may stipulate other rights and obligations not contradicting the laws and regulations of the Republic o Kazakhstan.

Chapter 11. Consequences of increased insurance risk within the insurance contract validity period

48. During the insurance contract validity period the Insurant shall be obliged to inform the

insurer in writing within 5 (five) business 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.

49. The Insurer, notified on circumstances leading to increase of the insurance risk, has the right to demand changes of provisions of the insurance contract and payment of an additional insurance premium in proportion to the increase of the insurance risk.

50. If the Insurant has objections in relation to changes of the Insurance contract or additional insurance premium, the insurer is entitled to demand termination of the Insurance contract in accordance with the legislation of the Republic of Kazakhstan. Procedure for return of the insurance premium to the insured shall be specified in the insurance contract.

51. If the Insurant fails to comply with the conditions specified in clause 48 of these Regulations, the Insurer is entitled to demand termination of the insurance contract and reimbursement of losses caused by its termination, or, in the case of an insured event, to reduce the amount of the Insurance benefit in proportion to the increase of the insurance risk.

52. The insurer is not entitled to demand termination of the insurance contract, if circumstances causing increase of insurance risk are no longer in place.

Chapter 12. Actions of the Insurant when the insured event occur

53. The Insurant shall be liable for proving occurrence of insured event and caused losses.

54. Unless otherwise specified in the insurance contract, upon the occurrence of an event with the signs of the insured event and/or the consequence of which may be occurrence of the insured event and/or increasing the risk of the insured event, as well as upon occurrence of the insured event, the Insurant 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) within 15 (fifteen) calendar days since the insured event has occurred, to notify the Insurer on such event, to inform on all available information on circumstances of the event, types and expected losses, to approve further actions with the Insurer;
- 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.

55. The Insurer or its representative is entitled to start investigation of the insured event without having to wait for notification on an event from the Insurant. The Insurant has no right to prevent that.

56. The Insurant shall provide all further information on the insured event and provide the required assistance to the insurer.

Chapter 13. List of documents confirming occurrence of the insured event and amount of losses

57. The Insurer shall pay insurance benefit based on the written application of the Insured on payment and Certificate on the insured event.

58. The Certificate on the insured event shall be prepared by the Insurer or an authorized person.

59. The Certificate on the insured event shall not be drawn up if during the verification of statement for the insured event it is identified that the loss to the Insurant was not caused as a result of the insured event, or due to untimely notification, it is not possible to establish the fact and the

cause of the loss and/or the amount of this loss.

60. Documents confirming the occurrence of the Insured Event and the amount of Loss are the following:

- 1) claim for an insured event in accordance with the form posted on the Insurer's corporate Internet resource;
- 2) copy of the applicant's identity card (if the Insurant is an individual);
- 3) copy of the certificate or certificate of registration (re-registration) of a legal entity (if the Insurant is a legal entity);
- 4) copy of the Insurance Contract;
- 5) copy of the Bank Guarantee or Counter Guarantee;
- 6) certificate of the Insurant on loan debt of a Foreign Bank under a Counter-Guarantee, including overdue (if the Insurant is a second-tier bank of the Republic of Kazakhstan);
- 7) letter from the Insurant stating the possible reasons for the Beneficiary's claim for a Bank Guarantee or Counter-Guarantee, with an application for calculating the amount of Loss and specifying the Insurant's bank details for making the Insurance payment;
- 8) court ruling on initiation of civil proceedings on the claim of the Insurant, on recovery from a Foreign Bank of the amount owed under the Bank Guarantee (if any);
- 9) a copy of the statement of claim (if any);
- 10) original of the court decision on recovery of the amount owed by the Insurant under the Bank Guarantee (if any);
- 11) other documents and information confirming the cause and amount of the Loss.

Chapter 14. Payment procedure and conditions of insurance benefits

61. After receiving a written notification on an event with indications of the insured event from the Insurant, and after provision of all documents required for insurance benefit, the Insurer shall:

- 1) determine the fact and reasons of occurrence of an event with indications of the insured event; verify correspondence of information in an application of the insured to reality; determine the need for involvement of experts, appraisers, and perform other actions;
- 2) during the deferred period specified in clause 74 of these Regulations, together with the Insured or independently take measures, if any, to mitigate Loss;
- 3) when the case is recognised as the insured event, to determine the amount of insurance benefit and to draw up the certificate on the insured event.

The insurance payment is made by the insurer within the terms stipulated in Chapter 15 of these Regulations, on the basis of the documents provided by the Insurant, specified in Chapter 13 of these Regulations, as well as the act on the insured event drawn up by the insurer or its representative.

62. The maximum insurance benefit shall be limited to the amount of coverage defined in the insurance contract.

63. The insurance payment is made in the amount of the loss incurred by the Insurant as a result of the occurrence of an insured event, taking into account the Unconditional franchise determined for each type of insurance event. Insurance benefit within the amount of coverage = Loss - Unconditional franchise. Insurance benefit shall be paid in the national currency of the Republic of Kazakhstan.

64. If the amount of the Bank Guarantee or Counter-Guarantee is set in a foreign currency, the insurance payment is made at the exchange rate of tenge to this foreign currency established by the National Bank of the Republic of Kazakhstan on the date of notification of the insured event by the Insurant. The procedure for deducting an Unconditional deductible in the event of an Insured event is defined in the Insurance Contract.

65. The amount of loss is measured by agreement of the parties based on the documents

submitted by the Insurant and/or in line with an expert opinion.

66. As soon as the insurance benefit is paid, the Insurant shall enter into an agreement with the insurer to transfer the right of claim in the amount of paid insurance benefit.

67. If the Insurant has received partial compensation for the loss incurred, the insurer shall pay an insurance benefit in the amount of the difference between the amount of the loss incurred and the compensation received by the Insurant, taking into account the share of insurance coverage.

68. The Insurant who has received payment or compensation for the loss incurred shall be obliged to return to the insurer the excess amount of the insurance benefit received in the part exceeding the amount of losses and expenses of the insurant caused by occurrence of the insured event.

69. In the 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.

70. Expenses incurred by the Insurant 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 arise when the Insurant implements the Insurer's instructions, they shall be reimbursed in full, irrespective of the amount of coverage.

71. The Insurer shall be exempted from paying insurance benefit in respect of those losses that have arisen due to the fact that the Insurant had not intentionally taken reasonable and available measures to reduce possible losses.

72. Insurance benefit shall not be paid if the Insurant fails to submit the documents specified in chapter 13 hereof.

73. 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 15. Terms for taking decision on payment of insurance benefit or refusal to pay Insurance benefit

74. The insurer, after receiving a notification from the insured about the occurrence of an event with indications of an insured event shall set the deferred period as follows:

- 1) in the case of bankruptcy - not applicable;
- 2) upon the occurrence of an Insured Event of a commercial nature, except for bankruptcy - up to 60 (sixty) calendar days;
- 3) upon the occurrence of an Insured Event of a political nature - up to 60 (sixty) calendar days.

75. If the insurer decides to refuse in the insurance benefit, it shall indicate the reason for refusal on a reasonable basis.

76. The insurer shall make a decision and pay an insurance benefit to the insured within 30 (thirty) calendar days from the date of expiry of the deferred period.

77. The Insurer shall be liable for late payment of the Insurance Benefit in accordance with article 353 of the Civil Code of the Republic of Kazakhstan.

78. Insurer's refusal to pay insurance benefit may be appealed by the Insurant in court.

79. If the law enforcement agencies of the country of a Foreign Bank or the Republic of Kazakhstan initiate a criminal case related to the activities of the Insured, the Insurer shall have the right to postpone the decision on the insurance payment until the end of the investigation or trial, notifying the Insured in writing of the reasons for the delay.

80. 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 16. Conditions of termination of the insurance contract

81. Unless otherwise specified in the Insurance Contract, the Insurance Contract shall be terminated in the following cases:

- 1) performance of all obligations by the insurer towards the insured under the insurance contract;
- 2) expiration of the insurance contract;
- 3) Liquidation of the Insurer in accordance with the legislation of the Republic of Kazakhstan;
- 4) Other cases specified in legislative acts of the Republic of Kazakhstan.

82. 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.

83. The insurance contract may be canceled before its maturity at the initiative of the insurer if the Insurant fails to pay the insurance premium (insurance contributions) within the terms established by the insurance contract.

84. Insurance Contract is deemed canceled before its maturity once any of the following circumstances occur:

- 1) the insured item 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 payment of the Insurance premium (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 paragraph 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.

85. The Insurant shall immediately notify the insurer of the circumstances specified in clause 84 hereof.

86. When the insurance contract is terminated before its maturity in accordance with paragraph 84 hereof, the insurer shall be entitled to withhold 20% of the amount of the insurance premium to be returned to the insured and proportional to the insurance period from the date of termination to the date of the insurance period as a fee for cancellation of the contract before maturity, unless otherwise specified in the insurance contract.

87. In the case if the Insurant refuses from the insurance contract, if it is not due to the circumstances specified in clause 84 of these Regulations, the insurance premium paid to the Insurant or insurance premiums shall not be refunded, unless otherwise provided for by the insurance contract.

Chapter 17. Subrogation

88. 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. Thus, the condition of the contract excluding transition to the Insurer of the right of claim to the person who intentionally caused losses is invalid.

89. Upon receipt of the insurance benefit, the Insurant shall hand over to the insurer all documents and evidence available without delay and provide all information required to the insurer to exercise the assigned right of claim.

90. 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 Insurant is obliged to inform the insurer on such indemnities and to transfer them to the insurer within 5 (five) calendar days from the date of receipt;

91. If the Insurant 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 18. Additional Conditions.

92. By agreement of the parties, the insurance contract, duly signed as per these Regulations, may include additional conditions, not contradicting the legislative acts of the Republic of Kazakhstan.

Chapter 19. Dispute settlement procedure

93. Disputes under the insurance contract arising between the Insurer and the Insurant shall be settled through negotiations between the parties.

94. If the Parties fail to obtain consent, the dispute shall be resolved in accordance with the laws of the Republic of Kazakhstan.