
TRADE CREDIT INSURANCE POLICY

Dear Valued Insured,

Thank you for choosing Cocogen Insurance, Inc. as your Insurer.

This insurance contract between you and Cocogen consists of the Proposal Form, the Policy, the Schedule, and the Endorsements, if any. Please note that in accepting this insurance, we relied on the information you have provided us.

In consideration of the payment of the premium shown in the Schedule, we agree to pay you, subject to the terms and conditions contained in or endorsed on this insurance contract, against loss or damage in the manner and to the extent provided in this Policy.

Should you have clarifications and concerns on this insurance contract, feel free to call us at (632) 8-830-6000 or send us an email at client_services@cocogen.com. To learn more about our products and services, please visit our website at www.cocogen.com.

Your Insurance Provider,

COCOGEN INSURANCE, INC.

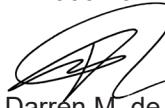
IMPORTANT NOTICE

The Insurance Commissioner, with offices in Manila, Cebu, and Davao, is the Government official in charge of the enforcement of all laws relating to Insurance and has supervision over insurance companies. He is ready at all times to render assistance in settling any controversy between an insurance company and a policyholder relating to insurance matters.

Cocogen has caused this insurance contract to be signed by its duly authorized officer in the place and on the date appearing in the Schedule.

COCOGEN INSURANCE, INC.

T.I.N. 000 432 798



Atty. Darren M. de Jesus
President

WHEREAS THE INSURED, named in the Policy Schedule, has by a written Proposal and declarations, proposed to **Cocogen Insurance, Inc.** (the **Insurer**) for the insurance detailed below. The written Proposal and declarations shall be the basis of this contract and be deemed incorporated herein. The Insured has paid or agreed to pay as consideration the premium as stated in the Policy Schedule or on subsequent renewals, the renewal premium in accordance with the Laws of the Philippines.

The Insurer, subject to the Terms, Conditions, Exclusions, Provisions, all Credit Limits, and any endorsements or other documents incorporated in this Policy (referred to as the **Terms and Conditions**) will pay and/or indemnify the Insured in the manner and to the extent provided herein.

1. COVERS

The purpose of this insurance is to indemnify the Insured in accordance with the terms of this Policy up to the Guaranteed Percentage of any loss that may be sustained because of the occurrence of any of the following causes of loss. It is provided, that in each case, there is an amount owing from the Buyer which shall constitute such loss.

1.1 Losses Covered

(a) Insolvency

The Insolvency of any of the Insured's Buyers. For the purposes of this Policy, "Insolvency" shall occur if:

- i. a bankruptcy, winding-up or administration order is made against the Buyer; or
- ii. in the course of execution of a judgment, the levy of execution fails to satisfy the debt in full; or
- iii. an effective resolution is passed for the winding-up of the Buyer; or
- iv. A receiver or liquidator of any of the Buyer's properties is appointed; or
- v. Insured shows to our satisfaction that the Buyer's financial state is such that even partial payment is unlikely, and that to enforce judgment or to apply for a bankruptcy or winding-up order would have no foreseeable result other than one disproportionate to the likely cost of the proceedings; or
- vi. an event has occurred elsewhere than in the Insured's country which, under the law of the court having jurisdiction, is substantially equivalent in effect to any of the events listed above.

(b) Default

The failure of a Buyer to pay the Insured the amount owing under the contract within six (6) months from the original due date of payment.

(c) Political Risks

i. Government Moratorium

A general moratorium decreed by the government of the Buyer's country or by that of a Third Country through which payment must be effected.

ii. Contract Frustration

Any other measure or decision of the government of a foreign country, which in whole or in part, prevents performance of the contract.

iii. Transfer

Political events, economic difficulties, legislative or administrative measures that prevent or cause delay in the transfer of payments or deposits made in respect of the contract.

iv. Discharge of Debt

The operation of a law in the Buyer's country which gives him a valid discharge of the debt under that law (but not under the proper law of the contract) notwithstanding that, because of exchange rate fluctuations, the payments the Buyer has made when converted into the currency of the contract, are less than the amount of debt at the date of transfer. (This cause of loss shall only apply where the Buyer's country is different from the Insured's country).

v. War and Natural Calamities

The occurrence, outside the Insured's country, of war (including civil war, hostilities, rebellion

and insurrection) revolution or riot, cyclone, flood, earthquake, volcanic eruption or tidal wave which in whole or in part prevents performance of the contract.

vi. **Public Buyer Default**

The failure or refusal on the part of a Public Buyer to fulfill any of the terms of the contract.

(This cause of loss shall only apply where the Insurer has stated in the Credit Limit that the Buyer is a Public Buyer and where the public buyer's country is different from the Insured's country.)

1.2. Contracts Covered

The Policy applies to all contracts the Insured makes with Buyers, in those countries for which the Policy Schedule states that cover is available, in connection with the Insured's Trade specified in the Policy Schedule. Contracts must specify the nature and quantity of the goods to be sold (or the services to be performed), as well as the terms of payment, which must not exceed the Maximum Credit Terms specified in the Policy Schedule. The currency in which payment is to be made must be one of those specified in the Policy Schedule. Unless agreed otherwise in writing, this Policy does not apply to any contracts made with Buyers over whom Insured has direct or indirect control or in whom Insured has a direct or indirect interest or who has such control over or interest in the Insured or who is purchasing Insured's goods or services in a private capacity.

1.3. Commencement of Cover

Risk shall attach in respect of those contracts for which cover commences during the Policy Period of Cover specified in the Policy Schedule. Cover commences when the goods are dispatched or, in the case of services, when each invoice for services performed is submitted to the Buyer. Invoices for goods dispatched or services performed must be submitted to the Buyer within the Invoicing Period specified in the Policy Schedule. This Invoicing Period commences on the day of dispatch of such goods or, in the case of services, on the date when the contract is made.

2. DEFINITION OF TERMS

2.1. Buyer (Debtor)

The business entity to which an Insured sell their goods and services.

2.2. Credit Limit

The maximum exposure specifically approved or otherwise authorized by the Insurer in respect of a Buyer.

2.3. Discharge of Debt

The relief of a party from a financial commitment.

2.4 Dispatch

This is deemed to be made when the Insured or anyone acting on its behalf parts with possession of the goods for the purpose of transmitting them to the Buyer.

2.5. Guaranteed Percentage (Percentage of Cover)

The percentage of each insured loss that is indemnified by the Insurer.

2.6. Indemnify

This means to compensate the insured for a loss.

2.7. Insured

The company stated in the Policy Schedule.

2.8. Insurer

Cocogen Insurance, Inc. In its capacity as Insurer, Cocogen issues the Policy, collects the premium and ensures the coverage of the risks is in accordance with the conditions of the Policy.

2.9. Loss Payee (Assignee)

The party to whom (by authorization of the Insured) the legal rights to a claim payment under this Policy is transferred.

2.10. Maximum Credit Terms

The longest credit period approved for a Buyer under this Policy.

2.11. Maximum Extension Period

The maximum due date extension allowed under this Policy.

2.12. Policy Schedule

The document entitled "Policy Schedule" that attaches to and forms part of this Policy. It contains the summary of all the details of the Insured, the premium and the coverage under this Policy, among others.

2.13. Proposal

The written information referred to in this Policy and containing particulars and statements together with any other information and documents supplied to the Insurer by the Insured, which shall be deemed incorporated in the policy. This does not include any information contained within or linked to the Insured's website unless such information is specifically supplied in written form to the Insurer by the Insured.

2.14. Public Buyer

The entity to which the Insured sells its goods or services and that is:

- (a) Authorized to enter into commitments in the name or on behalf of the government of the Insured's country, including the government itself, government agencies or any public sector institutions;
- (b) Majority-owned by the government;
- (c) An entity whose commitments are guaranteed by the government.

2.15. Third Country

The country other than the country of the Insured or of the Buyer; usually a country through which shipments may pass or where the goods are to be delivered, or the services to be performed.

2.16. Waiting Period

The six-month period after the expiry of the Maximum Extension Period, during which a claim may be submitted and the loss is assessed.

2.17. Whole Turnover Policy

A credit insurance policy that covers the Insured's total credit sales (as opposed to key buyer cover and single risk cover).

3. EXCLUSIONS

The Insurer shall not be liable for any loss:

3.1. Failure by the Insured

That the Insured may sustain where the Insured or any person acting in its behalf has failed to fulfill any of the terms and conditions of the contract or to comply with the provisions of any law (including any order, decree or regulation having the force and effect of law).

3.2. Radioactive Contamination

Directly or indirectly caused by, contributed to by or arising from the ionizing, radioactive, toxic, and explosive or other hazardous or contaminating properties or effects of any explosive nuclear assembly or component thereto, nuclear fuel, combustion or waste.

3.3. Import and Export Licenses

That the Insured may sustain where there has been a failure to obtain any import or export license or other authorization necessary for the performance of the contract or where performance of the contract would contravene any exchange control regulation. However, this exclusion shall not apply

where the necessity arose or exchange control regulation came into force after the date on which the Insurer's liability commenced in respect of that contract.

3.4. Third Country Risk

Where goods are to be dispatched to, or services are to be performed in, or payment is to be made from, a country other than the Buyer's country, unless agreed otherwise in writing.

3.5. Five Great Powers

Arising directly or indirectly from war (whether before or after the outbreak of hostilities) between any of the following countries: China, France, the United Kingdom, the Russian Federation and the United States of America.

3.6. Sanction Limitation and Exclusion Clause

Arising directly or indirectly from any sanction, prohibition or restriction under a United Nations resolution or the trade or economic sanction, loss or regulations of the European Union, United Kingdom or United States of America.

3.7. Interest/ Penalties/ Damages/ Costs/ Exchange Loss

That the Insured may sustain in respect of the following damages/costs:

- (a) Any interest accruing after the original due date of payment, or
- (b) Any penalties or damages, whether contractual or otherwise, which the Insured may be entitled to be paid by the Buyer in addition to the amount owing, or
- (c) Any costs which the Insured incurs in pursuing payment of any amount owing where the Buyer claims for any reason whatsoever to be justified in withholding payment of all or part thereof or in defending any proceedings brought against the Insured, or
- (d) Any currency exchange rate fluctuations, except insofar as such loss may be covered under the Discharge of Debt cause of loss.

3.8. Other Insurance

That the Insured may sustain where such loss is (or would be but for the existence of this Policy) capable of being covered by any other insurance held by the Insured or from which the Insured may be entitled to benefit or receive payment.

3.9. Non-acceptance of Goods

That the Insured may sustain where the Buyer has failed or refused to accept the goods dispatched.

3.10. Dishonesty/ Fraud

That the Insured may sustain resulting from any misrepresentation in reporting of its Buyers' monthly declarations, their financial statements, and other financial and material records that represent their actual financial or operating condition.

4. CREDIT LIMIT AND WITHDRAWAL OF COVER

4.1. Credit Limit for Every Buyer

The Insured must have a Credit Limit for every Buyer. In the event of a claim, the Insurer will not be liable to pay more than the Guaranteed Percentage, specified in the Policy Schedule, of the Credit Limit.

4.2. Credit Limit from the Insurer

The Insured may obtain a Credit Limit from the Insurer either in writing or using the latter's Credit Check facility. Where the Insured uses the Credit Check facility, the Credit Limit shall not exceed the Credit Check Amount specified in the Policy Schedule; in all other cases the amount of a Credit Limit from the Insurer shall be determined at its discretion and shall be approved on the terms and conditions it sees appropriate. Those terms and conditions may vary any provision of this Policy. Credit Limits from the Insured remain valid until expiry of the policy period unless the Insurer cancels them or renews this Policy.

4.3. Compliance with Credit Limit

The Insurer shall not be liable for any loss where the Insured has not complied with the terms and conditions of the Credit Limit, or where it has not established a Credit Limit before the date of ascertainment of loss.

4.4. Withdrawal by the Insurer

The Insurer may at any time and for any reason by written notice to the Insured cancel any Credit Limit and withdraw cover in respect of any contract, Buyer or country. This Policy will not apply in relation to goods dispatched or, in the case of services, to invoices submitted, on or after the date specified in the notice. The Insurer may also at any time and for any reason by written notice to the Insured reduce any Credit Limit and such reduction shall apply in relation to any goods dispatched or, in the case of services, to invoices submitted, on or after the date specified in the notice.

5. DECLARATIONS, PREMIUM AND CHARGES

5.1. Declarations

The Insured must declare to the Insurer the total sale price (net of Value Added Tax or other similar tax) of all goods dispatched or services invoiced under contracts to which this Policy applies. Where appropriate, a zero declaration must be submitted. Declarations must be returned to the Insurer by the time specified in the Policy Schedule.

5.2. Risk Premium

Premium (including any market rate additions which may be payable in respect of contracts with Buyers in certain countries as specified in the Policy Schedule) is payable, together with the documentary stamp tax, value-added tax, and local government tax, in relation to each contract to which this Policy applies. Premium is calculated at the percentage rate specified in the Policy Schedule (and, for market rate additions, at the percentage rates specified in the Policy Schedule) in respect of the amount of business declared. Payment of premium must be made at the times the Insurer specifies.

5.3. Annual Charge and Credit Limit Charges

The Insured must pay an annual charge for each Policy Period. The Insurer shall also charge the Insured (at the rates specified in the Policy Schedule, which may vary from time to time) for each response, decision and yearly review the Insurer gives in respect of Credit Limits from the Insurer. Payment of all charges must be made at the times the Insurer specifies.

6. CREDIT BEYOND DUE DATE

6.1. Credit Beyond Due Date

The Insured may, if the need arises, allow credit to run for a period beyond the due date of payment specified in the contract with the Buyer, or agree in writing to an extension of due date, provided that the period or extension allowing or agreed is not longer than the Maximum Extension Period specified in the Policy Schedule.

If the Buyer fails to pay in full by the expiry of the first such period or extension allowing or agreed, the Insured must not allow or agree to any further period or extension unless the Insurer agrees otherwise in writing. The Insured must not agree in the contract itself to any term which provides for the due date to be extended.

6.2. Maximum Extension Period (MEP)

The Maximum Extension Period commences on the day after the original due date of payment and ends on the expiry of either:

- (a) The number of days specified as the MEP in the Policy Schedule; or
- (b) If shorter, the period or extension the Insured allows or agrees. The Insurer may vary the MEP by written notice at any time.

6.3. No Liability Beyond the Maximum Extension Period

If payment of any amount is overdue from a Buyer at the expiry of the MEP, the Insurer shall not be liable for any loss the Insured may sustain in relation to goods dispatched or, in the case of services, to invoices submitted, to that Buyer after that date, unless the Insurer agrees otherwise in writing.

6.4. Bills of Exchange, Etc.

Unless the Insured obtains the Insurer's prior written agreement, the granting of credit beyond due date is not permitted in the case of bills of exchange, promissory notes, and cash against documents, documentary sight draft, documents against payment transactions or wherever payment is to be made out of a letter of credit.

7. MINIMIZING LOSS AND OBTAINING RECOVERIES

7.1. Notification

The Insured must notify the Insurer immediately of the occurrence of any event likely to cause a loss. Such an event shall include, without limitation:

- (a) The failure of a Buyer to pay any amount still overdue twenty (20) days after the expiry of the Maximum Extension Period; or
- (b) A buyer requesting an amendment of payment terms which is unfavorable to the Insured or an extension of due date beyond the expiry of the Maximum Extension Period; or
- (c) A buyer failing to take up the goods or the documents on first presentation where the payment terms are cash against documents or documents against acceptance; or
- (d) The imminent or actual Insolvency of a Buyer; or
- (e) The Insured's having reason to believe that a Buyer is unable or is likely to be unable to perform or comply with the terms of the contract; or
- (f) The failure of a Buyer to honor a bill of exchange or a check; or
- (g) The institution of any proceedings against a Buyer for non-payment of an amount owing.

7.2. Due Care and Diligence

The Insured must use due care and diligence and take all practicable measures to prevent and minimize loss. This includes, but not limited to, ensuring that all rights against contract goods, Buyers and third parties are properly preserved and exercised.

7.3. Taking All Steps

The Insured must take all steps that the Insurer may require in connection with a potential or actual loss, including, but not limited to, the institution of legal proceedings and such steps, if any, as may be specified in the Policy Schedule. If the Insurer requires it, the Insured must assign to the Insurer all rights against the contract goods, Buyers or third parties or appoint the Insurer as its agent or attorney-in-fact with power in the Insured's name to take legal proceedings or to appoint any person for the purposes of collection of amounts owing to the insured. If the Insured recovers the contract goods and, with the Insurer's prior written approval, resell them, any shortfall between the amount realized on resale and the amount owing from the Buyer will be taken into account when calculating the Insured's loss.

7.4. Information

The Insured must provide the Insurer with all information and documents that the latter may require.

7.5. Failure to Comply

If the Insured fails to comply with any of the provisions of this section after the Insurer has made a payment, then the Insured will be liable to refund the payment to the Insurer on demand.

8. CLAIMS

8.1. Period for Submission and Payment

Claims (including all available information) must be made within six (6) months of the expiry of the Maximum Extension Period, using the form the Insurer will provide. Provided that the Insurer is satisfied that it is liable to make payment, and after the waiting period specified in the Policy Schedule, it will pay the Insured the Guaranteed Percentage either of the amount of the Insured's loss or of the Credit Limit for the Buyer, whichever is lesser. The Insurer will make such payment no more than thirty (30) days after the said waiting period, with receipt of all the information and documents the Insurer requires.

8.2. Calculation of Loss

The Insurer will calculate the amount of the Insured's loss as being the amount owing to the Insured from the Buyer, less:

- (a) any amount which, at the date of ascertainment of loss, the Insured or the Buyer is entitled to credit to the Buyer's account whether by way of payment, set-off, counterclaim, deduction or otherwise; and
- (b) any expenses which the Insured has saved. The Insurer will include in the amount owing any contractual interest accruing up to the original due date of payment.

8.3. Date of Ascertainment of Loss

The amount of the Insured's loss shall be ascertained on the date of ascertainment of loss which, unless provided otherwise in the Policy Schedule, shall be as follows:

- (a) For Insolvency, on the day when Insolvency occurs;
- (b) For Default, six (6) months after original due date of payment;
- (c) For Transfer and Discharge of Debt, four (4) months after the completion of the formalities necessary to transfer to the Insured's country the payments or deposits made, or if later, four (4) months after due date of payment;
- (d) In all other cases, four (4) months after the occurrence of the cause of loss. However, if the Insured has not actually sustained any loss by that time, then the date of ascertainment of loss will be deferred in these cases until such time the Insured actually sustains a loss.

8.4. Insurer's Maximum Liability

The maximum amount which the Insurer shall be liable to pay in respect of all contracts taken together for which its liability commences during the Policy Period shall be the amount of the Insurer's Maximum Liability shown in the Policy Schedule for that period, notwithstanding that such amount may be less than the Guaranteed Percentage of any individual Credit Limit or aggregate of Credit Limits.

9. ALLOCATION OF MONEYS RECEIVED AND RECOVERIES

9.1. Allocations by Chronological Order

All amounts whenever received, in connection with any contracts (including contracts not covered by this Policy) shall, for the purposes of this Policy, be applied to amounts owing under all the Insured's contracts with the same Buyer in chronological order of due dates. If such amounts have not been applied to amounts owing under a contract on which the Insurer has paid a claim, they must be remitted to the Insurer and until this remittance is made, the Insured receives and holds such amounts in trust for the Insurer.

9.2. Recoveries

All sums whatsoever received, recovered or realized whether by the Insured, by any person acting on its behalf, or by the Insurer in relation to a contract after the date of ascertainment of loss, shall be Recoveries. All Recoveries shall immediately be remitted to the Insurer. Until this remittance is made, the Insured receives and holds Recoveries in trust for the Insurer. After receipt by the Insurer, Recoveries will be divided in the proportion in which the loss is borne by each the Insurer and the Insured.

9.3. Failure to Comply

If the Insured fails to comply with any of the provisions of this Section after the Insurer has made a payment, then the Insured will be liable to refund the payment to the Insurer on demand.

10. ASSIGNMENT OF POLICY RIGHTS

Loss Payee

The Insured cannot assign or transfer this Policy or any of its benefits without the Insurer's prior written consent. The Insured may however require claim payments to be made to a named Loss Payee, using the form the Insurer will provide, the Insured's obligations under this Policy remaining unaffected.

11. ASSIGNMENT OF CONTRACT RIGHTS

The Insured may assign or charge its rights under the contract provided this does not contravene the contract terms and the Insured gives the Insurer details when making a claim. However, the Insurer shall not be liable to pay the Insured for any loss unless

- (a) The Insured can show that it, not the person in whose favor the assignment or charge has been made, has sustained such loss; and
- (b) That person has given the Insurer a written undertaking in a form acceptable to the Insurer that he will not make any claim to the Insurer's portion of any Recoveries.

12. THE PROPOSAL AND DISCLOSURE OF FACTS

The Proposal for this insurance is incorporated into this Policy as its basis. If any of the statements contained in the Proposal are untrue or incorrect in any respect, the Insurer shall be entitled to avoid this Policy and retain any premium paid. The Insured must have disclosed and continue at all times to disclose promptly all facts which might affect the risks insured.

13. OBSERVANCE OF STIPULATIONS

- 13.1.Due payment of all premiums and other charges and the due performance and observance of every stipulation in this Policy or the Proposal, shall be conditions precedent to any liability on the Insurer's part. In the event of any breach of any condition precedent, the Insurer also has the right to retain any premium paid and terminate this Policy from the date of the Insurer's written notice to the Insured. No variation or waiver relating to any stipulation of this Policy shall be binding unless the Insurer has specifically agreed the same in writing.
- 13.2.No failure by the Insured to comply with any of the stipulations of this Policy shall be deemed to have been accepted or excused by the Insurer unless the same is expressly so excused or accepted by the Insurer in writing. The waiver by the Insurer of any breach or default by the Insured in respect of any of the stipulations of this Policy shall not be construed as a waiver of any succeeding breach or default in respect of the same or any other stipulation.

14. JOINT AND SEVERAL OBLIGATIONS

The obligations of the persons named as the Insured in the Policy Schedule shall be joint and several.

15. RETAINED RISK

The Insured must retain exclusively for its own account as an uninsured risk any amount which exceeds the amount the Insurer is liable to pay the Insured under this Policy.

16. DISPUTES AND GUARANTEES OF PAYMENT

16.1. Disputes

The Insurer shall not ascertain loss so long as a buyer claims for any reason whatsoever that he is justified in withholding payment of all or part of an amount owing or in not performing any of his obligations under the contract.

16.2. Guarantees

Where the Insurer has made it a condition of cover that there be a guarantee or surety, it shall not ascertain loss until a final judgment for the amount owing has been obtained against that guarantor or surety in a court in the country specified in such condition.

17. MISREPRESENTATION AND FRAUDULENT ACTS

Any fraudulent misrepresentation or conduct on the part of the Insured (or on the part of any other person who has a legal or beneficial interest in this Policy or its proceeds) in relation to this Policy (including the Proposal), to any claim under it, or to any contract to which this Policy applies, will render this Policy void but the Insurer may retain any premium paid and the Insured will be liable to refund to the Insurer any payment it may have made under the Policy.

18. SET OFF

The Insurer has the right to apply any amount payable under this Policy in or towards payment of any amount owing from the Insured to the Insurer (paying interest before principal) whether under this Policy or otherwise. The Insured has no right to apply any amount payable by the Insured to the Insurer, whether under this Policy or otherwise, in or towards payment of any amount owing from the Insurer to the Insured.

19. CURRENCIES

- 19.1.This Policy shall be denominated in the currency specified in the Policy Schedule, which currency shall be used for the purpose of making declarations, paying premium and calculating the amount of any loss. When the Insured contracts in a currency other than the denominated currency, a conversion to the equivalent amount in the denominated currency shall be made using the exchange rate on the last working day of the month during which cover commenced.
- 19.2.Recoveries, if received in another currency, shall be converted to the denominated currency at the exchange rate on the date of receipt by the Insured or by any person acting on its behalf.
- 19.3.The exchange rate on a given date shall be the closing mid-point rate quoted on that date by the Central Bank of the Philippines.

20. VARIATION OF TERMS OF COVER

The Insurer has the right at any time to vary by written notice (normally, but not necessarily always, given by reissuing Policy Schedule from time to time) any of the provisions of this Policy in respect of contracts made with Buyers in a particular country. The variation will apply to goods dispatched or (in the case of services), to invoices submitted, after the date which will be specified in the notice (not being earlier than the date of the notice).

21. INSOLVENCY OF THE INSURED

This Policy shall terminate automatically with immediate effect if:

- (a) A bankruptcy, winding-up or administration order is made against the Insured; or
- (b) An effective resolution is passed for the Insured's winding-up; or
- (c) A receiver or liquidator of any of the Insured's property is appointed.

22. GENERAL PROVISIONS

22.1. Premium Payment

- (a) The Insured undertakes that Premium will be paid in full to the Insurer within thirty (30) days from inception of this Policy.
- (b) If the Premium has not been so paid to the Insurer by the thirtieth day from the inception of this Policy, the Insurer shall have the right to cancel this Policy by notifying the Insured and/or the broker in writing. In the event of such cancellation, premium is due to the Insurer on a pro-rata basis for the period that the Insurer is on risk, but the full policy premium shall be payable to the Insurer in the event of a notification prior to the date of termination, which gives rise to a Notifiable Claim under this Policy. The Premium shall be added to and form part of the deductible amount in the event of its non-payment.
- (c) It is agreed that the Insurer shall give no less than fifteen (15) days prior notice of cancellation to the Insured and/or broker. If premium due is paid in full to the Insurer before the notice period expires, notice of cancellation shall automatically be revoked. Otherwise, this Policy shall automatically terminate at the end of the notice period.

22.2. Cancellation of Policy

This Policy shall not be cancelled by the Insurer except upon prior notice thereof to the Insured, and no notice of cancellation shall be effective unless it is based on the occurrence, after effective date of this Policy, of one or more of the following:

- (a) Non-payment of premium;
- (b) Conviction of a crime arising out of acts increasing the hazard insured against;
- (c) Discovery of fraud or material misrepresentation;
- (d) Discovery of willful or reckless acts or omissions increasing the hazard insured against;
- (e) A determination by the Commissioner that the continuation of this Policy would violate or would place the Insurer in violation of the Insurance Code.

All notices of cancellation shall be in writing, and shall state:

- (a) Which of the grounds set forth in this provision is relied upon, and
- (b) That upon written request of the Insured, the Insurer will furnish the facts on which the cancellation is based.

If the Insured cancels this Policy, which must be in writing, earned premiums shall be computed with the applicable percentage indicated under the following Short Rate Cancellation Table:

5 days or less	6% of the premium
Up to 10 days	10% of the premium
Up to 15 days	13% of the premium
Up to 20 days	17% of the premium
1 month or less	20% of the premium
2 months	30% of the premium
3 months	40% of the premium
4 months	50% of the premium

5 months	60% of the premium
6 months	70% of the premium
7 months	75% of the premium
8 months	80% of the premium
9 months	90% of the premium
10 months	the full annual premium

22.3. Renewal Clause

The Insured shall be entitled to renew this policy upon payment of the premium due on the effective date of the renewal unless the company gives notice to the Insured either by mail or delivered to the Insured at the address shown in the policy at least forty-five (45) days in advance at the end of the policy period of its intention not to renew the policy or to condition its renewal upon reduction of limits or elimination of coverage.

22.4. Omnibus Clause

All applicable provisions of Presidential Decree No. 1460, otherwise known as the Insurance Code of the Philippines, as amended, as of the date of effectivity, latest renewal or latest reinstatement of this Policy, and all existing laws obligatory upon insurance companies as may be pertinent are deemed incorporated in this Policy and will supersede any agreement/contract inconsistent therewith.

22.5. Civil Code Article 1250 Waiver Clause

It is hereby declared and agreed that the provision of Article 1250 of the Civil Code of the Philippines (Republic Act No. 386) which reads:

"In case an extraordinary inflation or deflation of the currency stipulated should supervene, the value of the currency at the time of the establishment of the obligation shall be the basis of payment."

shall not apply in determining the extent of liability under the provisions of this Policy.

22.6. Documentary Stamp Clause

Acceptance of the terms of proposal means that:

- (a) It is understood that upon the issuance of this Policy, no payment for documentary stamp tax will be refunded as a result of the cancellation or endorsement of this Policy or a reduction in the premium due for whatever reason; and
- (b) If a cancellation or endorsement occurs prior to the settlement of the amount due under this Policy, the Insured guarantees payment of the corresponding documentary stamp tax due, which amount may be legally enforced against and collected from said Insured.

22.7. Interpretation

In this Policy:

- (a) Reference to any Act, statute or statutory provision shall include a reference to that provision as amended, re-enacted or replaced from time to time whether before or after the date of the inception of this Policy or the equivalent in any other jurisdiction;
- (b) None of the provisions, conditions and terms of this Policy shall be waived or altered except by an endorsement signed or initialed by an authorized official of the Insurer and in accordance with the provisions of Section 50 of the Insurance Code of the Philippines as amended.
- (c) If any term, condition, exclusion or endorsement or part thereof is found to be invalid or unenforceable, the remainder shall be in full force and effect;
- (d) The headings in this Policy are for general reference only and shall not be considered when determining the meaning of this Policy;
- (e) This Policy and the Policy Schedule shall be read together as one contract, and any word or expression to which a specific meaning has been attached in any part of this Policy or of the Policy Schedule shall bear such specific meaning wherever it may appear.

23. LAW, MEDIATION, ARBITRATION AND LANGUAGE

23.1. The Policy shall be governed by and construed in accordance with the Law of the Philippines and subject to the jurisdiction of the arbitral tribunal established in accordance with sub-clause 2 below.

23.2.In the event of controversy or claim arising out of or relating to this contract, or a breach thereof, the parties hereto agree first to try and settle the dispute by mediation, administered by the Insurance Commission or any recognized mediation institution under its Mediation Rules, before resorting to arbitration, litigation or some other dispute resolution procedure.

23.3.All disputes arising under, out of or in connection with this Policy, including without limitation disputes as to its formation and validity, and whether arising during or after the Policy Period, shall be finally settled under the Philippine Dispute Resolution Center, Inc. (PDRCI) Rules of Arbitration by one or more arbitrators in accordance with the said Rules. The arbitration shall take place at the Place of Arbitration specified in the Policy Schedule, shall be conducted in the Language of the Policy, and shall apply the Philippine Law as the proper law of this arbitration agreement and of the Policy.

23.4.The Language of the Policy shall be English.