

LEG LENDERS CLAUSES

ROLL - OUT

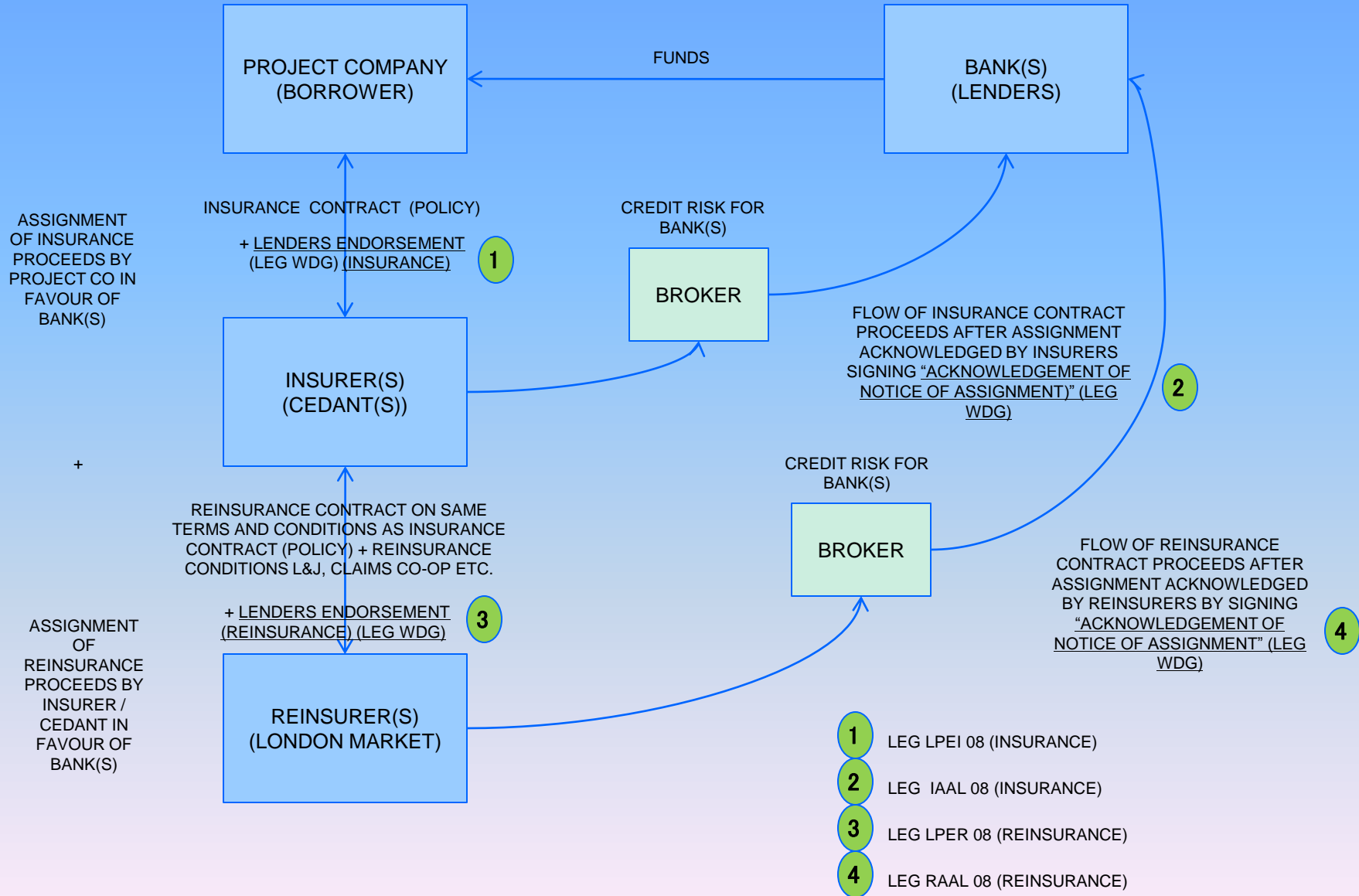
11th December 2008

LEG Lenders Sub Committee

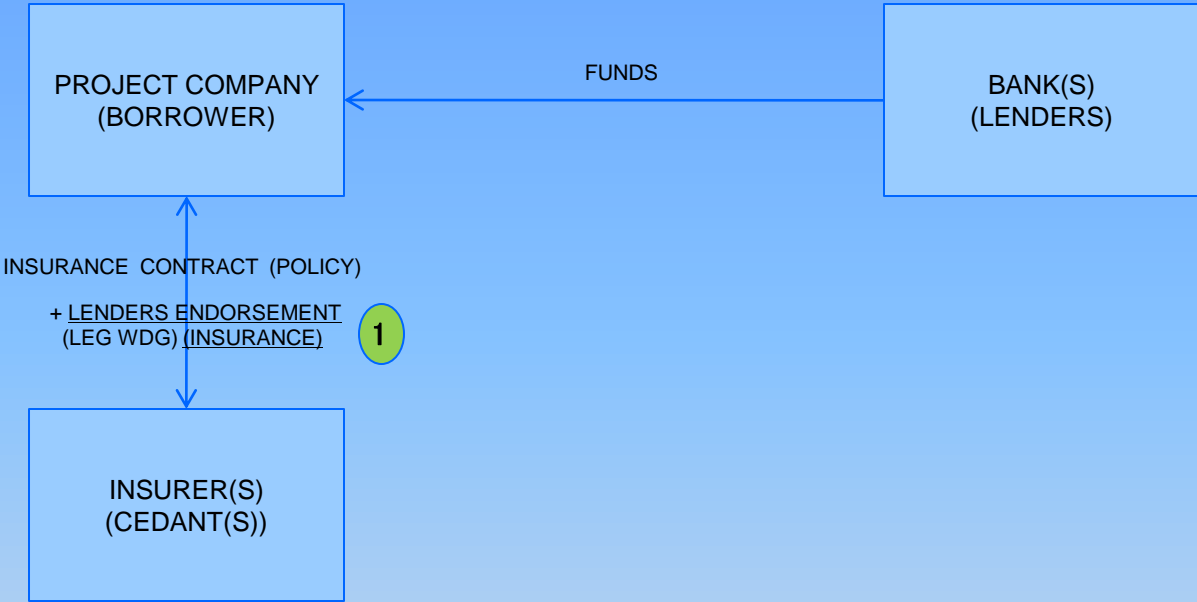
Tim Cook, Steven Norcliffe

Tony Reilly, Chris Storer, David Waldron

SCHEMATIC DIAGRAM OF PLACEMENT WHERE TERMS & CONDITIONS ARE SET BY REINSURERS



SCHEMATIC DIAGRAM OF PLACEMENT WHERE TERMS & CONDITIONS ARE SET BY REINSURERS



1 LEG LEI 08 (INSURANCE)

LEG LPEI 08

Notwithstanding any other provision of the Insurance Policy, the following endorsement shall apply:

•1. Additions to Preambles

The following shall be inserted as a Preamble/Recital and shall have no contractual effect: - the Parties acknowledge that there is an intention to assign the benefits of the Insurance Policy

LEG LPEI 08

- **2. Definitions**

- **Facility Agent** means [] in its capacity as agent and trustee for the Finance Parties and includes its successors in that capacity;
Address []
Email []
- **Finance Parties** means [];
- **Insurance Policy** means [];
- **Insured** means those parties so described in the Insurance Policy;
- **Insurers** means the insurer or insurers underwriting the Insurance Policy;
- **Insurance Broker** means [];
Address []
Email []
- **Project** is as defined in the Insurance Policy;
- **Project Company** means []
- **Receiving Account** means []
- **Specified Reports** means [Lender's Technical Advisors report (Quarterly)]

LEG LPEI 08

- **3. Liability for premium**
- The Finance Parties (whether or not they are an Insured) shall in no circumstances be liable for the payment of any premium.

LEG LPEI 08

- **4. Disclosure**
- **4.1** The Insurers acknowledge and agree that:
 - **4.1.1** They have evaluated the risk of insuring the Project Company and all other Insureds in respect of the Insurance Policy on the assumption that the information received is not materially misleading;
 - **4.1.2** Unless specifically advised in writing to the Finance Parties prior to the inception date of the Insurance Policy, there is no information which has been relied on or is required by Insurers in respect of their decision to co-insure the Finance Parties or their directors, officers, employees or agents;
 - **4.1.3** Other than the Insurance Broker, no person has been authorised to make any representation on behalf of any of the Finance Parties or their directors, officers, employees or agents in relation to their becoming or being co-insured under the Insurance Policy;
- **4.2** On the written request of the Insurers, the Finance Parties shall provide the Insurers with copies of the Specified Report(s) commissioned by the Finance Parties and the Insurers shall keep such report(s) and or investigation(s) confidential. Insurers may pass such report(s) and investigation(s) to their Reinsurers which they shall also keep confidential. The Insurers shall accept such information without rights of recourse, and shall ensure that the Reinsurers waive any right of recourse, against the authors that prepared the Specified Report(s).

LEG LPEI 08

- **5. Notice of Cancellation, Suspension, and Changes in Cover**

The Insurers shall inform the Facility Agent:

- **5.1** with at least 30 days' notice in writing (or such lesser period (if any) as may be specified from time to time by Insurers in case of war risks and kindred perils) if any Insurer intends to cancel or suspend, or terminate before the original expiry date, any cover under the Insurance Policy for any reason (other than as set out in paragraph 5.2 below);
- **5.2** promptly of any default in the payment of any premium or failure to renew the Insurance Policy and the Facility Agent shall be given not less than 14 days in which to pay the defaulted premium without the Insurance Policy being cancelled;
- **5.3** with at least 30 days' notice in writing (or such lesser period (if any) as may be specified from time to time by Insurers in case of war risks and kindred perils) before any reduction in limits or coverage, any increase in deductibles; and
- **5.4** of any act or omission or of any event of which the Insurer has knowledge and which might invalidate or render unenforceable or unworkable in whole or in part the Insurance Policy.

LEG LPEI 08

- **5. Notice of Cancellation, Suspension, and Changes in Cover (continued)**
- The Insurance Policy shall not be cancelled, suspended or the coverage so reduced or affected before the expiry of the notice periods referred to above or if the relevant act, omission or event is remedied within the notice period.

LEG LPEI 08

- **6. Amendments to Endorsement:**
- During the term of the Insurance Policy, the provisions of this endorsement may only be amended by written agreement between the Project Company, the Insurers and the Facility Agent, such amendment to be endorsed to the Insurance Policy.

LEG LPEI 08

- **7. Notice of claims:**
- Notice of claim by the Facility Agent or any party entitled to indemnity under the Insurance Policy shall, in the absence of manifest error, be accepted by Insurers as being on behalf of all other insured parties comprising the Insured subject to the full terms of the Insurance Policy.

LEG LPEI 08

- **8. Change to Loss Payee Clause:**
- Any provision for payment being made to a Loss Payee in the Insurance Policy shall be deemed deleted.

LEG LPEI 08

- **9. Payment Instructions:**
- Unless otherwise agreed all claim payments/return premiums shall be paid to the Receiving Account.
- Payments made in accordance with this Clause shall, to the extent of the payment, discharge the Insurers' liability.

LEG LPEI 08

- **10. Set-off:**
- Insurers shall be entitled to set-off premiums due but unpaid against any claims payments due to any Insured, but this set-off entitlement shall only apply with respect to the Insurance Policy and shall not relieve the Insured (other than as stated in clause 3) from its obligations to pay any premium due under the Insurance Policy.

LEG LPEI 08

- **11. Notice:**
- **11.1** Any communication or notice in connection with the endorsement shall be given in writing. Such communication or notice may be delivered by hand, post, courier, International courier, email or fax.
- **11.2** Where a communication or notice is given by hand, courier, or international courier it shall be deemed received when delivered.
- **11.3** Where a communication or notice is given by post it shall be deemed received 7 days after posting.
- **11.4** Where a communication or notice is given by email or fax it shall be deemed received when the recipient has received a copy in legible form or when a further copy has been delivered in accordance with 11.2 or 11.3 above.
- **11.5** At their election Insurers shall be entitled to give any and all communications or notices by giving or delivering them to the Insurance Broker for onward transmission to the Facility Agent.

LEG LPEI 08

- **12. Multiple Insureds Clause:**
- **12.1** It is noted and agreed that if the Insured described in the schedule comprises more than one insured party each operating as a separate and distinct entity then (save as provided in this multiple insureds clause) cover hereunder shall apply in the same manner and to the same extent as if individual policies had been issued to each such insured party provided that the total liability of the Insurers to all of the insured parties collectively shall not exceed the sum insured and limits of indemnity including any inner limits set by memorandum or endorsement stated in the policy.
- **12.2** It is understood and agreed that any payment or payments by Insurers to any one or more such insured parties shall reduce to the extent of that payment Insurer's liability to all such parties arising from any one event giving rise to a claim under this policy and (if applicable) in the aggregate.
- **12.3** Other than as provided in clause 14 it is further understood that the insured parties will at all times preserve the various contractual rights and agreements entered into by the insured parties and the contractual remedies of such parties in the event of loss or damage.

LEG LPEI 08

- **12. Multiple Insureds Clause (continued):**
- **12.4** It is understood and agreed that Insurers shall be entitled to avoid liability to or (as may be appropriate) claim damages from any of the insured parties in circumstances of fraud, material misrepresentation, material non-disclosure or breach of any warranty or condition of this policy each referred to in this clause as a Vitiating Act.
- **12.5** It is however agreed that a Vitiating Act committed by one insured party shall not prejudice the right to indemnity of any other insured party who has an insurable interest and who has not committed a Vitiating Act.
- **12.6** Insurers hereby agree to waive all rights of subrogation which they may have or acquire against any insured party except where the rights of subrogation or recourse are acquired in consequence of or otherwise following a Vitiating Act in which circumstances Insurers may enforce such rights notwithstanding the continuing or former status of the vitiating party as an Insured.

LEG LPEI 08

- **13. Waiver of Subrogation:**
- Insurers hereby agree to waive all rights of subrogation or action which they may have or acquire against any of the Finance Parties or their directors, officers, employees or agents.

LEG LPEI 08

- **14. No Step In:**
- Nothing in this endorsement (in particular clause 12.3) shall entitle Insurers to step in to or take over any of the Project's finance documents or finance arrangements.

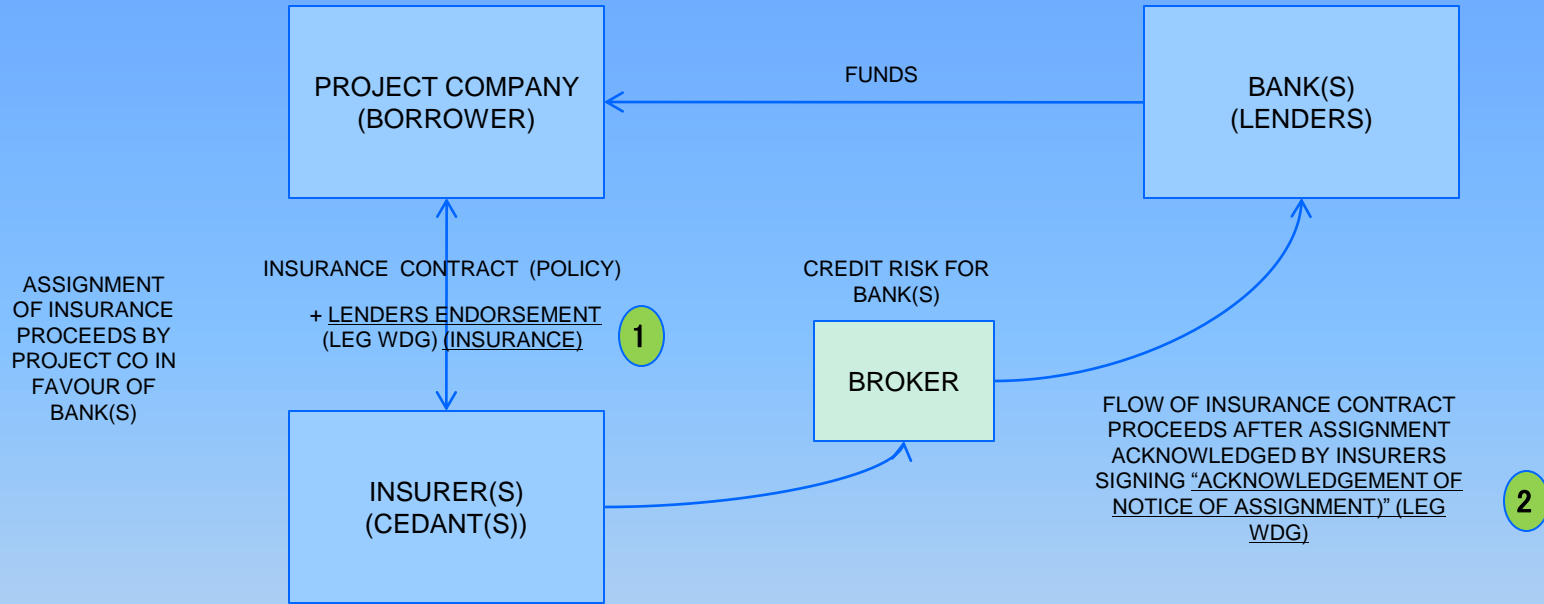
LEG LPEI 08

- **15. Primacy of Cover:**
- Other than specifically provided for elsewhere, the Insurers agree that the insurance cover provided by the Insurance Policy shall be primary to and not excess to any other insurance policy (except in respect of layers of third party cover effected specifically for the Project) or contributing with any other insurance policy maintained by any Insured. The Insurers waive all rights of contribution against any other insurance policy effected by the Finance Parties.

LEG LPEI 08

- **16. Law and Jurisdiction:**
- This endorsement shall be governed and interpreted in accordance with the law and jurisdiction as stated in the Insurance Policy

SCHEMATIC DIAGRAM OF PLACEMENT WHERE TERMS & CONDITIONS ARE SET BY REINSURERS



- 1 LEG LPEI 08 (INSURANCE)
- 2 LEG IAAL 08 (INSURANCE)

LEG IAAL 08

- **Addressee(s) To Be Served:** 1) 'ASSIGNEE' Lender/Finance/
Facility Agent
- 2) 'ASSIGNOR' Insurer
- **Reinsurance Contract:** Insurer's reference/Our reference:
Broker's Insurance Slip reference:
- Name of Insured: Risk name and type:

- Date of inception of Policy:

- **Today's date:**

- Dear Sirs,

- **ACKNOWLEDGEMENT OF NOTICE OF ASSIGNMENT**

- We acknowledge receipt of your Notice [documents and correspondence received] advising that an assignment of benefits under the Insurance Contract has taken place and hereby note such assignment. We shall make payment of any proceeds which become due under the Insurance Contract to [the London market broker] which shall provide us with a full discharge and release us of our obligations and liabilities under the Insurance Contract to the extent of that payment

- Nothing in this acknowledgement letter, however, which we issue in lieu of the form of acknowledgement which you provided, is to be taken as our agreement expressly or implicitly to the terms as contained in the above Notice [documents and correspondence received]. Accordingly the original terms of the Insurance Contract remain unchanged.

- Please keep this letter on your records.

- If you have any other queries please do not hesitate to contact us.

- Yours faithfully,

- Signed on behalf of [Insurer]*

- Print name

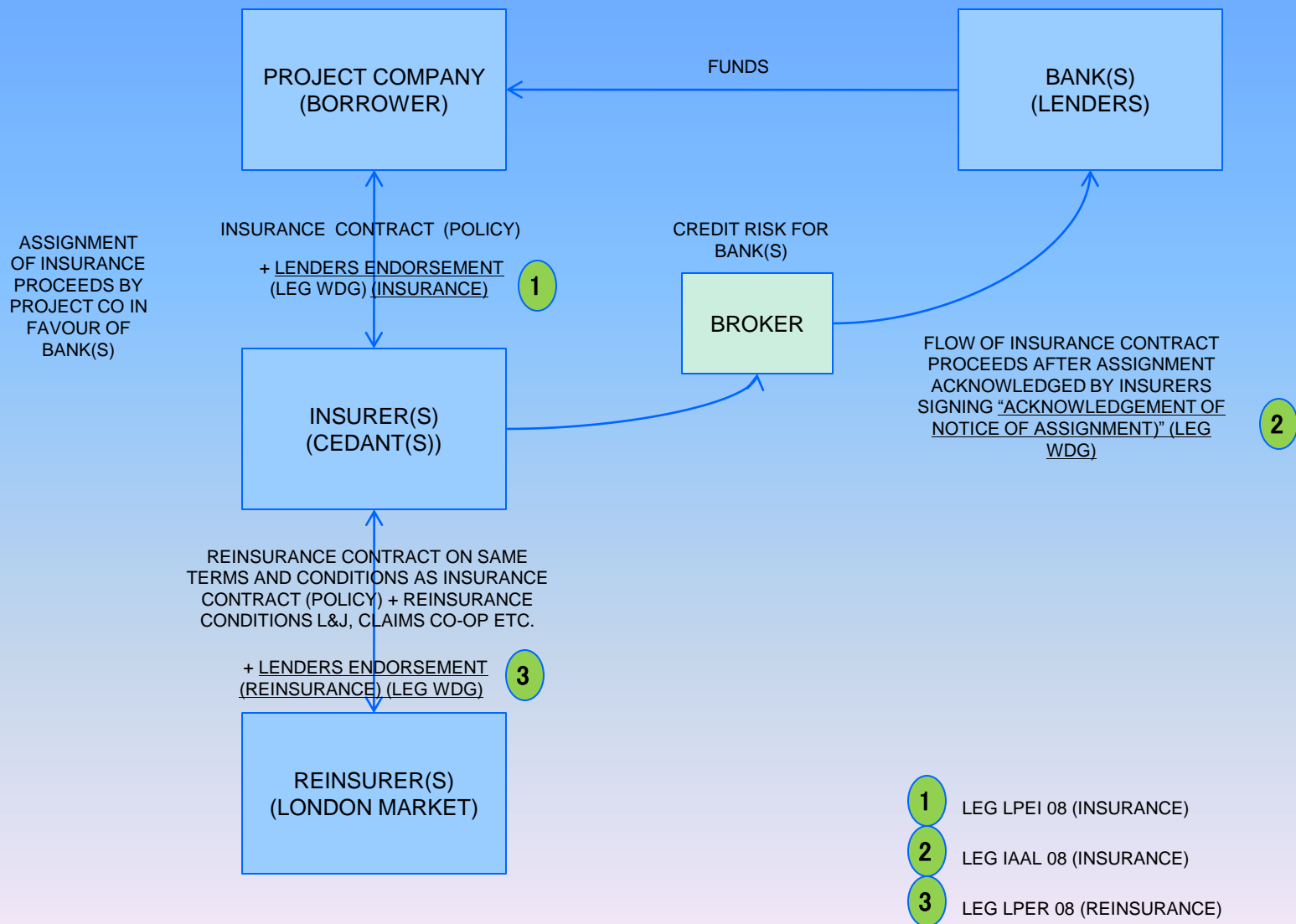
- Address

- Date

LEG IAAL 08

- **ACKNOWLEDGEMENT OF NOTICE OF ASSIGNMENT**
- We acknowledge receipt of your Notice [documents and correspondence received] advising that an assignment of benefits under the Insurance Contract has taken place and hereby note such assignment. We shall make payment of any proceeds which become due under the Insurance Contract to [the London market broker] which shall provide us with a full discharge and release us of our obligations and liabilities under the Insurance Contract to the extent of that payment
- Nothing in this acknowledgement letter, however, which we issue in lieu of the form of acknowledgement which you provided, is to be taken as our agreement expressly or implicitly to the terms as contained in the above Notice [documents and correspondence received]. Accordingly the original terms of the Insurance Contract remain unchanged.
- Please keep this letter on your records. If you have any other queries please do not hesitate to contact us.

SCHEMATIC DIAGRAM OF PLACEMENT WHERE TERMS & CONDITIONS ARE SET BY REINSURERS



LEG LPER 08

Notwithstanding any other provision of the Reinsurance Policy, the following endorsement shall apply:

•1. Additions to Preambles :

•The following shall be inserted as a Preamble/Recital and shall have no contractual effect:

•the Parties acknowledge that there is an intention to assign the benefits of the Reinsurance Policy.

LEG LPER 08

- **2. Reinsurers Duties :**
- This endorsement sets out Reinsurers' duties to the Facility Agent. The provisions of this endorsement may be enforced by the Facility Agent, however no other provisions of the Reinsurance Policy are enforceable by the Facility Agent.

LEG LPER 08

- **3. Definitions :**

- **Facility Agent** means [] in its capacity as agent and trustee for the Finance Parties and includes its successors in that capacity;
Address []
Email []
- **Finance Parties** means [];
- **Insurance Policy** means [];
- **Receiving Account** means []
- **Reinsurance Policy** means []
- **Reinsured** means those parties so described in the Reinsurance Policy
- **Reinsurer** means the Reinsurer or Reinsurers underwriting the Reinsurance Policy;
- **Reinsurance Broker** means []
Address []
Email []

LEG LPER 08

- **4 Liability for Premium**
- The Finance Parties shall in no circumstances be liable for the payment of any premium

LEG LPER 08

- **5. Notice of Cancellation, Suspension, and Changes in Cover :**

The Reinsurers shall inform the Reinsured and Facility Agent:

- **5.1** with at least 30 days' notice in writing (or such lesser period (if any) as may be specified from time to time by Reinsurers in case of war risks and kindred perils) if any Reinsurer intends to cancel or suspend, or terminate before the original expiry date, any cover under the Reinsurance Policy for any reason (other than as set out in paragraph 5.2 below);
- **5.2** promptly of any default in the payment of any premium or failure to renew the Reinsurance Policy and the Facility Agent shall be given not less than 14 days in which to pay the defaulted premium without the Reinsurance Policy being cancelled;

LEG LPER 08

- **5. Notice of Cancellation, Suspension, and Changes in Cover (continued):**
- **5.3** with at least 30 days' notice in writing (or such lesser period (if any) as may be specified from time to time by Reinsurers in case of war risks and kindred perils) before any reduction in limits or coverage, any increase in deductibles; and
- **5.4** of any act or omission or of any event of which the Reinsurer has knowledge and which might invalidate or render unenforceable or unworkable in whole or in part the Reinsurance Policy.
- The Reinsurance Policy shall not be cancelled, suspended or the coverage so reduced or affected before the expiry of the notice periods referred to above or if the relevant act, omission or event is remedied within the notice period.

LEG LPER 08

- **6. Amendments to Endorsement :**
- During the term of the Reinsurance Policy, the provisions of this endorsement may only be amended by written agreement between, the Reinsurers, the Reinsured and the Facility Agent, such amendment to be endorsed to the Reinsurance Policy

LEG LPER 08

- **7 Notice of claims:**
- Notice of claim by the Facility Agent shall in the absence of manifest error, be accepted by Reinsurers as being on behalf of all Reinsured parties comprising the Reinsured subject to the full terms of the Reinsurance Policy

LEG LPER 08

- **8. Change to Loss Payee Clause:**
- Any provision for payment being made to a Loss Payee in the Reinsurance Policy shall be deemed deleted

LEG LPER 08

- **9. Payment Instructions :**
- Unless otherwise agreed all claim payments/return premiums shall be paid to the Receiving Account.
- Payments made in accordance with this Clause shall, to the extent of the payment, discharge the Reinsurers' liability.

LEG LPER 08

- **10. Set-off :**
- Reinsurers shall be entitled to set-off premiums due but unpaid against any claims payments due to the Reinsured, but this set-off entitlement shall only apply with respect to the Reinsurance Policy and shall not relieve the Reinsured from its obligations to pay any premium due under the Reinsurance Policy.

LEG LPER 08

- **11. Notice :**
- **11.1** Any communication or notice in connection with the endorsement shall be given in writing. Such communication or notice may be delivered by hand, post, courier, International courier, email or fax.
- **11.2** Where a communication or notice is given by hand, courier, or international courier it shall be deemed received when delivered.
- **11.3** Where a communication or notice is given by post it shall be deemed received 7 days after posting.
- **11.4** Where a communication or notice is given by email or fax it shall be deemed received when the recipient has received a copy in legible form or when a further copy has been delivered in accordance with 11.2 or 11.3 above.
- **11.5** At their election Reinsurers shall be entitled to give any and all communications or notices by giving or delivering them to the Reinsurance Broker for onward transmission to the Facility Agent and Reinsured.

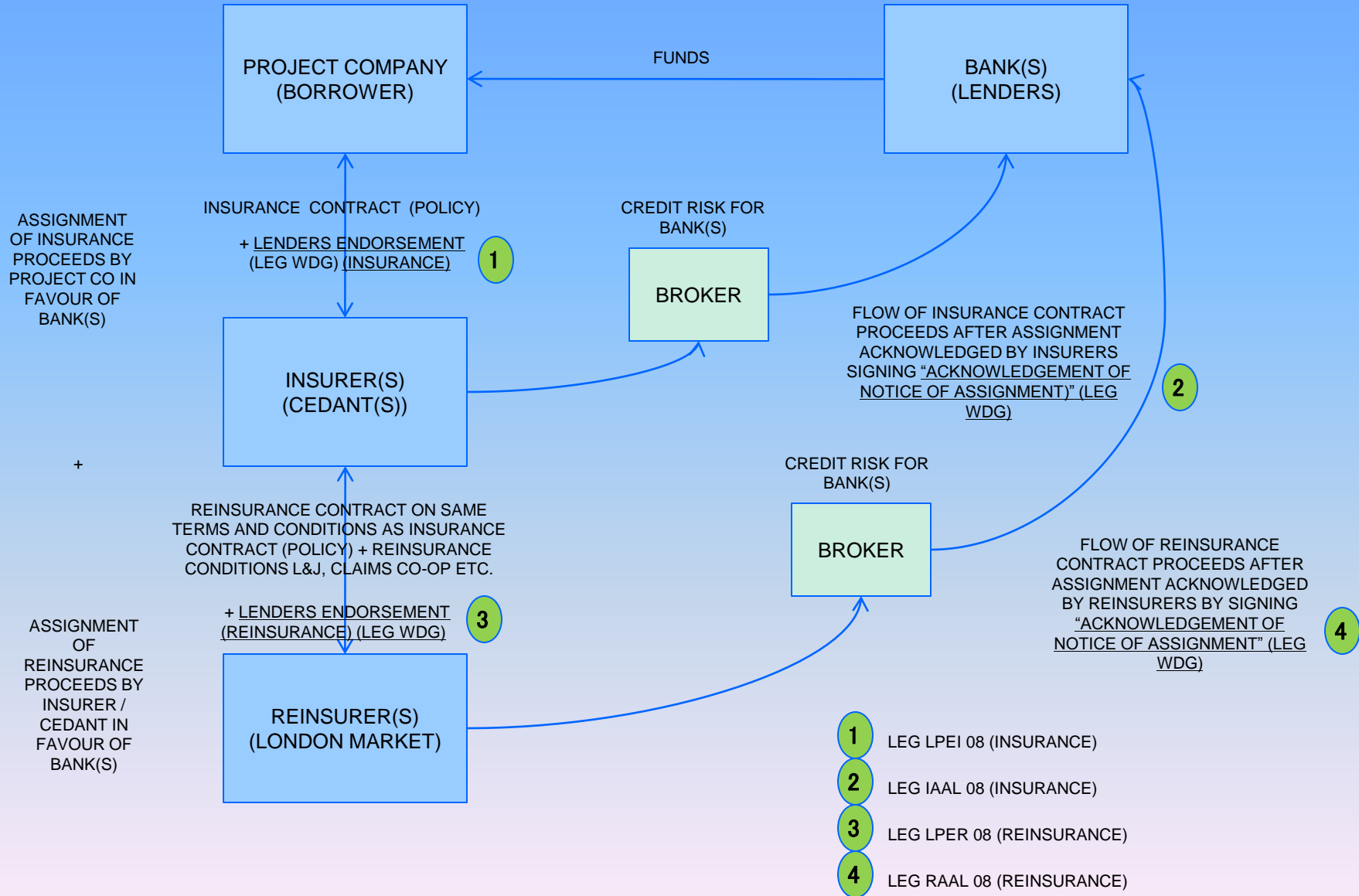
LEG LPER 08

- **12. Contracts (Rights of Third Parties) Act 1999 :**
- Any person who is not a party to the Reinsurance Policy has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Reinsurance Policy except as expressly provided otherwise herein.

13. Law and Jurisdiction:

This endorsement shall be governed and interpreted in accordance with the law and jurisdiction of England and Wales

SCHEMATIC DIAGRAM OF PLACEMENT WHERE TERMS & CONDITIONS ARE SET BY REINSURERS



LEG RAAL 08

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- **Addressee(s) To Be Served:** 1) 'ASSIGNEE' Lender/Finance/
Facility Agent
- 2) 'ASSIGNOR' Insurer
-
- **Reinsurance Contract:** Reinsurer's reference/Our reference:
- Broker's Reinsurance Slip reference:
- Name of Original Insured: Risk name and type:

• Date of inception of Policy:

•

• **Today's date:**

•

• Dear Sirs,

•

• **ACKNOWLEDGEMENT OF NOTICE OF ASSIGNMENT**

•

• We acknowledge receipt of your Notice [documents and correspondence received] advising that an assignment of benefits under the Insurance Contract has taken place and hereby note such assignment. We shall make payment of any proceeds which become due under the Insurance Contract to [the London market broker] which shall provide us with a full discharge and release us of our obligations and liabilities under the Reinsurance Contract to the extent of that payment

•

• Nothing in this acknowledgement letter, however, which we issue in lieu of the form of acknowledgement which you provided, is to be taken as our agreement expressly or implicitly to the terms as contained in the above Notice [documents and correspondence received]. Accordingly the original terms of the Reinsurance Contract remain unchanged.

•

• Please keep this letter on your records.

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• If you have any other queries please do not hesitate to contact us.

•

• Yours faithfully,

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• Signed on behalf of [Reinsurer]*

• Print name

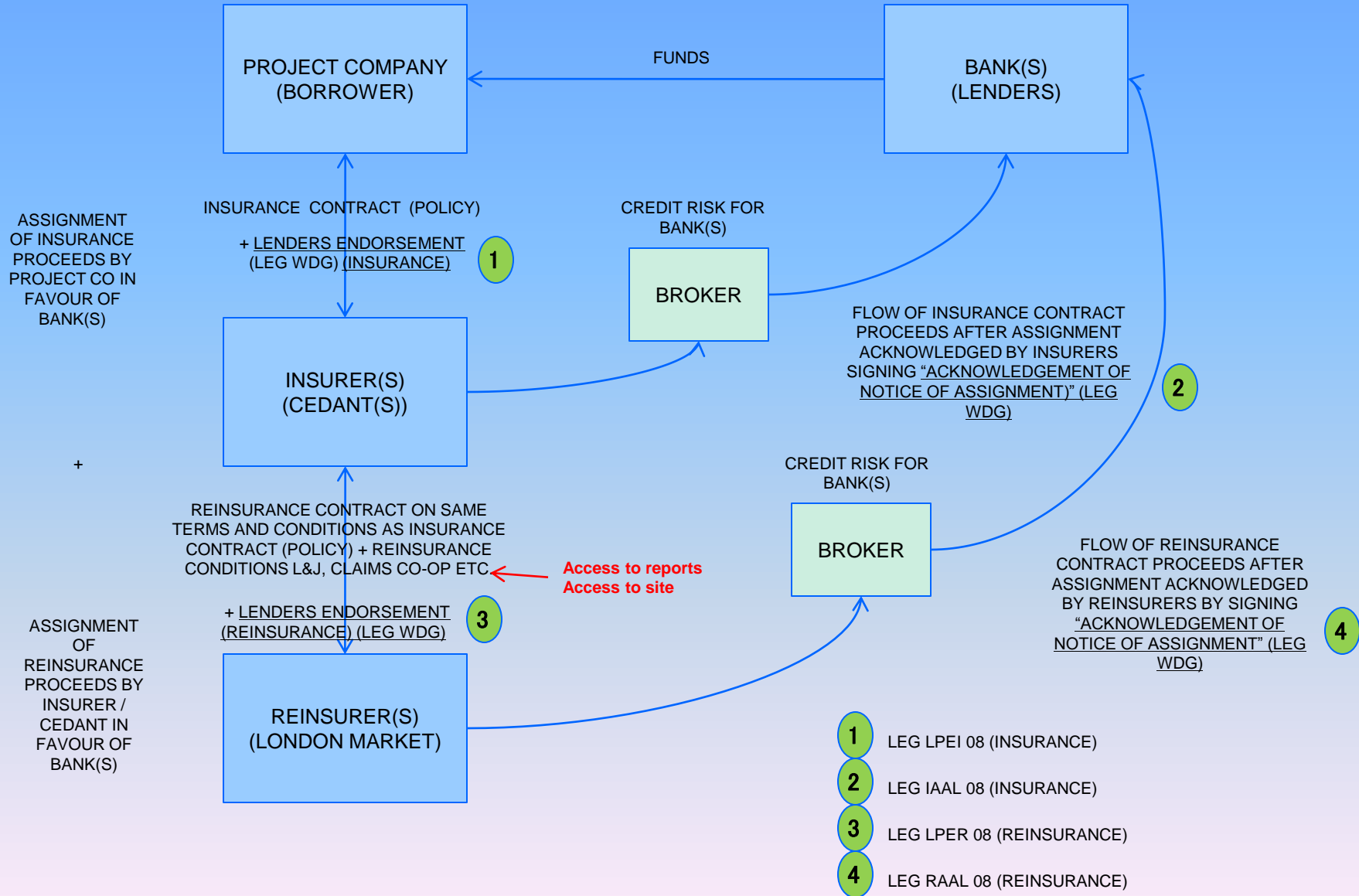
• Address

• Date

LEG RAAL 08

- **ACKNOWLEDGEMENT OF NOTICE OF ASSIGNMENT**
- We acknowledge receipt of your Notice [documents and correspondence received] advising that an assignment of benefits under the Insurance Contract has taken place and hereby note such assignment. We shall make payment of any proceeds which become due under the Reinsurance Contract to [the London market broker] which shall provide us with a full discharge and release us of our obligations and liabilities under the Reinsurance Contract to the extent of that payment
- Nothing in this acknowledgement letter, however, which we issue in lieu of the form of acknowledgement which you provided, is to be taken as our agreement expressly or implicitly to the terms as contained in the above Notice [documents and correspondence received]. Accordingly the original terms of the Reinsurance Contract remain unchanged.
- Please keep this letter on your records. If you have any other queries please do not hesitate to contact us.

SCHEMATIC DIAGRAM OF PLACEMENT WHERE TERMS & CONDITIONS ARE SET BY REINSURERS



Possible Additional Reinsurance Contract (slip) Conditions

- **Access to the Project Site**

- The Reinsured shall ensure that their rights of access to the Project Site as provided for in the Insurance Policy are in turn granted to the Reinsurers for the whole Period of Reinsurance

OR

- The Reinsured agrees under the Reinsurance Contract that its rights of access to the Project Site as provided for in the Insurance Policy are shared with the Reinsurers for the whole Period of Reinsurance

- **Access to Reports**

- Reports commissioned by finance parties to the Project and to which the Reinsured are entitled under the Insurance Policy (including any lenders endorsements) shall be made available to Reinsurers upon written request and Reinsurers shall observe the provisos that are contained in the Insurance Policy (including any lenders endorsements) in respect of such reports

Roll-Out Pack

- Model Clauses
 - LEG LPEI 08
 - LEG IAAL 08
 - LEG LPER 08
 - LEG RAAL 08

 - Reillygraph

 - Guidance Note

Acknowledgement

- The following parties were consulted during the discussions leading up to the production of the model endorsements and acknowledgement letters;
- Allen & Overy
- HSBC
- JLT
- Lockton
- Marsh
- McDermitt
- Miller
- Partner Re
- Swiss Re
- Zurich

QUESTIONS

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