

**AIRCRAFT HULL  
(INCLUDING SPARES ENGINES)  
DEDUCTIBLE INSURANCE**

**Policy No. \_\_\_\_\_**

**Period of Insurance:  
BOTH DAYS INCLUSIVE,  
LOCAL STANDARD TIME AT THE INSURED'S ADDRESS**

**PT. \_\_\_\_\_ and as more fully set forth herein**

Issued by PT. \_\_\_\_\_ (hereinafter called "the Insurer")

**DECLARATIONS**

**Policy Number:** \_\_\_\_\_

**Named Insured:** PT. \_\_\_\_\_ and/or associated and/or subsidiary and/or affiliated Companies now existing or as may be hereafter constituted, jointly and severally for their respective rights and interests.

**Address:**

**Period of Insurance:** From \_\_\_\_\_  
To \_\_\_\_\_  
both days inclusive Standard Time at the address of the Insured.

**Premium:** Deposit Premium USD \_\_\_\_\_ based on the Schedule of Aircraft at inception adjustable at expiry at the following premium rates based on additions and deletions:

Fokker 100: USD \_\_\_\_\_ each aircraft

Ground Risks Only: \_\_\_\_\_% of Full Flight Risks premium and includes engine running, ferry, test, delivery and training flights, to apply at inception or initial attachment only.

**PREMIUM PAYMENT CLAUSE**

1) It is understood and agreed that the premium due at the inception of this Insurance shall be payable in the following instalments:

<b>Instalment</b>	<b>% of Deposit</b>	<b>Due Date:</b>
1	16.67%	_____
2	16.67%	_____
3	16.67%	_____
4	16.67%	_____
5	16.66%	_____
6	16.66%	_____

2) In the event of a claim hereunder which exceeds the instalments of premium paid on this Insurance, the instalments of premium then outstanding shall become payable forthwith.

3) Notwithstanding any cancellation provision contained within the Insurance, in the event that an instalment of premium is not paid by its due date Insurers shall have the right to terminate the cover afforded by the Insurance to the Insured and any other party(ies) protected thereby, whether by endorsement or otherwise, by the giving of not less than Thirty (30) days notice in writing to the Insured. Notice shall be deemed to commence from the date such notice is given by the Insurers. Nothing herein shall override any notice period greater than 30 days which Insurers may be obliged to give via any contractual provision applicable hereto.

**AVN 6A (amended)**

**PROFIT COMMISSION ON RENEWAL CLAUSE**

After expiry of this Insurance and following the receipt by the Insurers of the final adjustment of all premiums due and settlement of all Aircraft loss or physical damage claims in respect of this period of insurance and subject to renewal with the Insurers hereon, Insurers agree to return to the Insured a Profit Commission of 15% of the net ascertained profit in respect of this period of insurance.

The net ascertained profit shall be calculated by deducting the 'outgo' from the 'income' as follows:

**Income**

75% of premium paid for Aircraft loss or physical damage coverage less all returns of premium.

**Outgo**

Total of settled Aircraft loss or physical damage claims and related expenses less any salvages and recoveries.

AVN 88

**Aircraft Hull "All Risks" Insurance:**

Number : \_\_\_\_\_  
Issued by : \_\_\_\_\_

**Aggregate Limit of Liability:** The total liability of the Insurers in any one annual Period of Insurance shall not exceed an aggregate of USD \_\_\_\_\_.

**Geographical Limits:** As stated in the Aircraft Hull "All Risks" Insurance

**Law and Jurisdiction :** This Insurance shall be governed by and construed in accordance with the law of the Insured's country of domicile and each party agrees to submit to the exclusive jurisdiction of the courts of the Insured's country of domicile in any dispute arising hereunder.

**Notification of Claims:** The Insured shall give immediate notice of any incident likely to give rise to a claim under this Insurance to the Insurer, through the following designated party:

PT. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone No. \_\_\_\_\_  
Facsimile No. \_\_\_\_\_  
http: \_\_\_\_\_ – email: \_\_\_\_\_

**THE SCHEDULE OF INSURED AIRCRAFT**

<b>NO.</b>	<b>Aircraft Type and Model</b>	<b>Reg. No</b>	<b>Aircraft Hull "All Risks" Deductible</b>	<b>Self-Insured Retention</b>

Jakarta,  
PT. \_\_\_\_\_

\_\_\_\_\_  
Authorised Signatory

### **Additions and Deletions of Aircraft**

- (a) The Insurance is automatically extended to include, at pro rata additional premium, further aircraft added during the period of this Insurance provided such aircraft are owned or operated by the Insured and are of the same type as aircraft already covered hereunder.
- (b) The inclusion of additional aircraft of other types shall be subject to special agreement and rating by the Insurers prior to attachment.
- (c) In the event of a claim arising and becoming payable on an aircraft added in accordance with paragraphs (a) and (b) above which exceeds the premium paid for such aircraft then the balance of the full annual premium for such aircraft shall become due and payable forthwith.
- (d) Aircraft which have been sold or disposed of shall be deleted from this Insurance and the Insured shall be entitled to pro rata return of premium However:
  - (i) no return of premium shall be given if a claim has arisen and becomes payable under this Insurance in respect of such aircraft,
  - (ii) if the Insurance is cancelled by the deletion of such aircraft then any return premium shall be in accordance with General Condition 3. herein.
- (e) At the end of the Period of Insurance the Insured shall declare all such additions or deletions to the Insurers and the premium in respect of such amendments shall be adjusted accordingly.
- (f) In the event of any such addition and/or deletion the Insurers reserves the right to review the Aggregate Limit of Liability amount stated above.

## I. INSURING AGREEMENT

1. The Insurers, in consideration of premium payment as more fully set out in the Declarations, agree to indemnify the Insured in respect of physical loss or damage (other than any form of total loss) occurring during the Period of Insurance to aircraft as stated in the Schedule of Insured Aircraft, which would have been covered by the Aircraft Hull "All Risks" Insurance referred to in the Declarations, but for the application of the deductibles applicable to the Aircraft Hull "All Risks" Insurance.
2.
  - a) This Insurance is to pay up to the difference between the deductibles as stated in the Schedule of Insured Aircraft applicable to the Aircraft Hull "All Risks" Insurance each and every loss and the 'Self Insured Retention' as stated in the Schedule of Insured Aircraft each and every loss.
  - b) In the event of an incident involving the application of more than one deductible under the Aircraft Hull "All Risks" Insurance where that Insurance provides that the highest deductible shall be applied as an aggregate deductible for all losses arising out of that incident, then the sum payable under this Insurance shall be limited to the difference between the deductible applied under the Aircraft Hull "All Risks" Insurance and the applicable Self Insured Retention.

Similarly, in the event of an incident arising hereon involving the application of more than one Self Insured Retention, then the highest Self Insured Retention shall be applied as an aggregate for all losses arising out of that incident.
  - c) This is an Insurance of indemnity and in no event shall the amount recoverable exceed the actual cost of repair as agreed between the representatives of the Insurer and the Insured, less the applicable Self Insured Retention.

The total liability of the Insurers for all claims paid during the Period of Insurance shall not exceed the Aggregate Limit of Liability stated in the Declarations.

## II. EXCLUSIONS

### 1. MECHANICAL BREAKDOWN

This Insurance does not cover wear and tear, deterioration, mechanical breakage or breakdown or any latent defect but this exclusion does not apply to any subsequent damage to the insured aircraft caused by such wear and tear, deterioration, mechanical breakage or breakdown or latent defect.

### 2. ENGINE BREAKDOWN

This Insurance does not cover:

- a) any breakage, breakdown or failure of a propulsion unit, or the resulting consequences within the propulsion unit, which consists of the engine or auxiliary power unit, except for items which may become detached and lost overboard as a result of the breakage, breakdown or failure.
- b) any damage caused by or attributed to the ingestion of stones, grit, sand, ice and any corrosive or abrasive material or any other substance which has a progressive or cumulative engine damage effect. These are deemed to be wear, tear or deterioration. Ingestion causing sudden damage attributable to a single recorded incident requiring the immediate withdrawal of the engine from service or if this is impractical upon first landing thereafter is covered.
- c) loss or damage to an engine unless such damage is (i) external, or (ii) the consequence of ingestion within the limitations of 2 b) above, or (iii) caused by a sudden and unexpected operation of the engine(s), necessary to avoid physical damage to property and/or bodily injury to persons.

### 3. CONSEQUENTIAL LOSS

This Insurance does not cover any consequential loss, such as loss of use or extra expenses (e.g. rental of another aircraft or spare parts) arising out of an accident to the aircraft covered by this Insurance.

### 4. NUCLEAR RISKS EXCLUSION CLAUSE - AVN 38B

(1) This Insurance does not cover:

(i) loss of or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss

(ii) any legal liability of whatsoever nature

directly or indirectly caused by or contributed to by or arising from:

(a) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;

(b) the radioactive properties of, or a combination of radioactive properties with toxic, explosive or other hazardous properties of, any other radioactive material in the course of carriage as cargo, including storage or handling incidental thereto;

(c) ionizing radiations or contamination by radioactivity from, or the toxic, explosive or other hazardous properties of, any other radioactive source whatsoever.

(2) It is understood and agreed that such radioactive material or other radioactive source in paragraph (1) (b) and (c) above shall not include:

(i) depleted uranium and natural uranium in any form;

(ii) radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial, educational or industrial purpose.

(3) This Insurance, however, does not cover loss of or destruction of or damage to any property or any consequential loss or any legal liability of whatsoever nature with respect to which:

(i) the Insured under this Insurance is also an insured or an additional insured under any other insurance, including any nuclear energy liability insurance; or

(ii) any person or organization is required to maintain financial protection pursuant to legislation in any country; or

(iii) the Insured under this Insurance is, or had this Insurance not been issued would be, entitled to indemnification from any government or agency thereof.

(4) Loss, destruction, damage, expense or legal liability in respect of the nuclear risks not excluded by reason of paragraph (2) shall (subject to all other terms, conditions, limitations, warranties and exclusions of this Insurance) be covered, provided that:

(i) in the case of any claim in respect of radioactive material in the course of carriage as cargo, including storage or handling incidental thereto, such carriage shall in all respects have complied with the full International Civil Aviation Organization "Technical Instructions for the Safe Transport of Dangerous Goods by Air", unless the carriage shall have been subject to any more restrictive legislation, when it shall in all respects have complied with such legislation;

- (ii) this Insurance shall only apply to an incident happening during the period of this Insurance and where any claim by the Insured against the Insurer or by any claimant against the Insured arising out of such incident shall have been made within three years after the date thereof;
- (iii) in the case of any claim for the loss of or destruction of or damage to or loss of use of an aircraft caused by or contributed to by radioactive contamination, the level of such contamination shall have exceeded the maximum permissible level set out in the following scale:

<u>Emitter</u> <u>(IAEA Health and Safety Regulations)</u>	<u>Maximum permissible level of non-fixed radioactive surface contamination</u> <u>(Averaged over 300cm<sup>2</sup>)</u>
Beta, gamma and low toxicity alpha emitters	Not exceeding 4 Becquerels/cm <sup>2</sup> (10 <sup>-4</sup> microcuries/cm <sup>2</sup> )
All other emitters	Not exceeding 0.4 Becquerels/cm <sup>2</sup> (10 <sup>-5</sup> microcuries/cm <sup>2</sup> )

- (iv) the cover afforded hereby may be cancelled at any time by the Insurer giving seven days' notice of cancellation.

AVN 38B 22.7.96

**5. WAR, HI-JACKING AND OTHER PERILS EXCLUSION CLAUSE – AVN 48B**

This Insurance does not cover claims caused by

- (a) War, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power.
- (b) Any hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- (c) Strikes, riots, civil commotions or labour disturbances.
- (d) Any act of one or more persons, whether or not agents of a sovereign Power, for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional.
- (e) Any malicious act or act of sabotage.
- (f) Confiscation, nationalisation, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any Government (whether civil military or de facto) or public or local authority.
- (g) Hi-jacking or any unlawful seizure or wrongful exercise of control of the Aircraft or crew in flight (including any attempt at such seizure or control) made by any person or persons on board the Aircraft acting without the consent of the Insured.



Furthermore, this Insurance does not cover claims arising whilst the Aircraft is outside the control of the Insured by reason of any of the above perils. The Aircraft shall be deemed to have been restored to the control of the Insured on the safe return of the Aircraft to the Insured at an airfield not excluded by the geographical limits of this Insurance, and entirely suitable for the operation of the Aircraft (such safe return shall require that the Aircraft be parked with engines shut down and under no duress).

AVN 48B 1.10.96

#### **6. DATE RECOGNITION EXCLUSION CLAUSE**

This Insurance does not cover any claim, damage, injury, loss, cost, expense or liability (whether in contract, tort, negligence, product liability, misrepresentation, fraud or otherwise) of any nature whatsoever arising from or occasioned by or in consequence of (whether directly or indirectly and whether wholly or partly):

- (a) the failure or inability of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the Insured or of any third party) accurately or completely to process, exchange or transfer year, date or time data or information in connection with any change of year, date or time;  
whether on or before or after such change of year, date or time;
- (b) any implemented or attempted change or modification of any computer hardware, software, integrated circuit, chip or information technology equipment or system (whether in the possession of the Insured or of any third party) in anticipation of or in response to any such change of year, date or time, or any advice given or services performed in connection with any such change or modification;
- (c) any non-use or unavailability for use of any property or equipment of any kind whatsoever resulting from any act, failure to act or decision of the Insured or of any third party related to any such change of year, date or time;

and any provision in this Insurance concerning any duty of the Insurer to investigate or defend claims shall not apply to any claims so excluded.

AVN 2000A 14.03.01

Notwithstanding the above exclusion this Insurance follows coverage as provided by a date recognition limited coverage clause which is included in and applicable to the Aircraft Hull "All Risks" Insurance stated in the Declarations.

#### **7. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999 EXCLUSION CLAUSE – AVN 72**

The rights of a person who is not a party to this insurance or reinsurance to enforce a term of this insurance or reinsurance and/or not to have this insurance or reinsurance rescinded, varied or altered without his consent by virtue of the provisions of the Contracts (Rights of Third Parties) Act 1999 are excluded from this insurance or reinsurance.

AVN72 9.2.2000

### III. CONDITION PRECEDENT

It is a condition precedent to the liability of the Insurer that the Insured shall maintain in full force and effect the Aircraft Hull "All Risks" Insurance referred to in the Declarations during the currency of this Insurance, and that all aircraft insured under the Aircraft Hull "All Risks" Insurance are insured under this Insurance unless otherwise agreed by the Insurers.

### IV. GENERAL CONDITIONS

1. This Insurance is subject to the same warranties, terms and conditions (except as regards premium, the obligation to investigate, the renewal agreement (if any) the amount and limit of liability and EXCEPT AS OTHERWISE PROVIDED HEREIN) as are contained in or as may be added to the Aircraft Hull "All Risks" Insurance prior to the happening of a loss for which a claim is made hereunder.
2. In the event of a claim hereunder the Insurer shall succeed to all the Insured's rights and remedies against any person or organization and the Insured shall do and concur in doing all that may be necessary for the exercise of such rights and remedies in the name of the Insured at the request of the Insurer. Nevertheless, the Insurer agrees to waive rights of subrogation against any and all parties in respect of whom such rights have been waived by the Insurers of the Aircraft Hull "All Risks" Insurance.
3. Other than as provided herein this Insurance may be cancelled at the written request of the Insured at any time stating when such cancellation shall take effect. The Insurance may also be cancelled by the Insurers by giving written notice stating when not less than thirty days thereafter such cancellation shall be effective, except in the event of non-payment of premium when the written notice by the Insurers shall be ten days.

In the event this Insurance is cancelled by the Insured, the Insurers shall receive or retain that proportion of the premium as calculated in accordance with the Cancellation Scale hereunder, however if there are any claims paid or outstanding under this Insurance then any return premium due to the Insured shall be at the discretion of the Insurers.

In the event that this Insurance is cancelled by the Insurers, the Insurers shall receive or retain the pro rata proportion of the premium for this Insurance.

#### CANCELLATION SCALE

1 month on risk	20% of annual premium
2 months on risk	30% of annual premium
3 months on risk	40% of annual premium
4 months on risk	50% of annual premium
5 months on risk	60% of annual premium
6 months on risk	70% of annual premium
7 months on risk	75% of annual premium
8 months on risk	80% of annual premium
9 months on risk	85% of annual premium
Over 9 months	Equivalent to annual premium

4. Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or change in any part of this Insurance or estop the Insurers from asserting any right under this Insurance; nor shall any part of this Insurance be waived or changed, except by endorsement signed by the Insurers and issued to form part of this Insurance.
5. The Insured shall at all times use due diligence and do and concur in doing all things reasonably practicable to diminish any loss hereon.

6. This Insurance shall be governed by and construed in accordance with the law of the Insured's country of domicile and each party agrees to submit to the exclusive jurisdiction of the courts of the Insured's country of domicile in any arising hereunder.
7. An Insured shall not in the presentation and furtherance of any claim:
  - (a) deliberately or recklessly conceal from Insurers any information which he knows or ought to know might be material to their consideration of any claim;
  - (b) provide to Insurers information, which he knows to be false, with respect either to any event relied upon as a cause of loss or as to the amount claimed; nor
  - (c) otherwise use fraudulent means or devices, including suppressing a known defence to Insurers' liability.

In any such event the Insurers shall have the option to refuse to pay the whole or any part of the claim to such Insured.

In the circumstances set out in sub-paragraph (b) above, Insurers shall also have the option to:

- (i) terminate the cover provided by this Insurance to such Insured with effect from the date of the event relied upon for the claim;
- (ii) recover any sums paid to such Insured in respect of losses occurring on or after the date of the event relied upon for the claim; and
- (iii) retain any and all premium paid by such Insured.

If any provision of this condition is in conflict with the law governing the Insurance, it shall be of no effect to the extent of such conflict.

2488AGM00005

**Endorsement No.1**

**Attaching to Policy No.** \_\_\_\_\_

**In the name of** PT. \_\_\_\_\_ and/or associated and/or subsidiary and/or affiliated Companies now existing or as may be hereafter constituted for their respective rights and interests.

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**DATE RECOGNITION LIMITED COVERAGE CLAUSE**

WHEREAS the Insurance of which this Endorsement forms part includes the Date Recognition Exclusion Clause (Clause AVN 2000A), it is hereby understood and agreed that, subject to all terms and provisions of this Endorsement, Clause AVN 2000A shall not apply:

- (1) to any accidental loss of or damage to an aircraft defined in the Wording Schedule (“Insured Aircraft”);
- (2) to any sums which the Insured shall become legally liable to pay, and (if so required by the Insurance) shall pay (including costs awarded against the Insured) in respect of:
  - (a) accidental bodily injury, fatal or otherwise, to passengers caused by an accident to an Insured Aircraft; and/or
  - (b) loss of or damage to baggage and personal articles of passengers, mail and cargo caused by an accident to an Insured Aircraft; and/or
  - (c) accidental bodily injury, fatal or otherwise, and accidental damage to property caused by an Insured Aircraft or by any person or object falling therefrom.

**PROVIDED THAT:**

1. Coverage provided pursuant to this Endorsement shall be subject to all terms, conditions, limitations, warranties, exclusions and cancellation provisions of the Insurance (except as specifically provided herein), and nothing in this Endorsement extends coverage beyond that which is provided by the Insurance.
2. Nothing in this Endorsement shall provide any coverage:
  - (a) in respect of grounding of any aircraft; and/or
  - (b) in respect of loss of use of any property unless it arises out of physical damage to or destruction of property in the accident giving rise to a claim under the Insurance.
3. The Insured agrees that it has an obligation to disclose in writing to the Insurers during the Period of Insurance any material facts relating to the Date Recognition Conformity of the Insured’s operations, equipment and products.

**AVN 2001A**  
(Applicable to Hull and Aircraft Liability Coverage)

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Effective Date: Inception

**Endorsement No.2**

**Attaching to Policy No.** \_\_\_\_\_

**In the name of** PT. \_\_\_\_\_ and/or associated and/or subsidiary and/or affiliated Companies now existing or as may be hereafter constituted for their respective rights and interests.

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**AIRCRAFT SPARE ENGINE EXTENSION ENDORSEMENT**

Whereas the Insured's Aircraft Hull "All Risks" Insurance as identified in the Declarations includes physical loss or damage (other than any form of total loss) coverage for aircraft spare engines it is agreed that this Insurance is extended to include such aircraft spare engines whilst undergoing test cell/bed running for sudden damage caused by ingestion which requires the aircraft spare engine to be immediately shut down (other than any form of total loss).

The amount of liability of the Insurers for an aircraft spare engine shall be the same amount of liability as stated in this Insurance for the aircraft to which the aircraft spare engine is normally fitted.

The Aggregate Limit of Liability as stated in the Declaration of this Insurance includes any claims paid under the coverage provided by this Endorsement.

In respect of the coverage provided by this Endorsement it is agreed wherever the words 'Aircraft Hull "All Risks" Insurance' appear in this Insurance they are amended to read 'Aircraft Hull and Spares "All Risks" Insurance'.

**All other terms and conditions of this Insurance remain unaltered.**

2488AGM00006

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Effective Date: Inception

**Endorsement No.3**

**Attaching to Policy No.** \_\_\_\_\_

**In the name of** PT. \_\_\_\_\_ and/or associated and/or subsidiary and/or affiliated Companies now existing or as may be hereafter constituted for their respective rights and interests.

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**SANCTIONS AND EMBARGO CLAUSE**

Notwithstanding anything to the contrary in the Insurance the following shall apply:

1. If, by virtue of any law or regulation which is applicable to an Insurer at the inception of this Insurance or becomes applicable at any time thereafter, providing coverage to the Insured is or would be unlawful because it breaches an embargo or sanction, that Insurer shall provide no coverage and have no liability whatsoever nor provide any defence to the Insured or make any payment of defence costs or provide any form of security on behalf of the Insured, to the extent that it would be in breach of such law or regulation.
2. In circumstances where it is lawful for an Insurer to provide coverage under the Insurance, but the payment of a valid and otherwise collectable claim may breach an embargo or sanction, then the Insurer will take all reasonable measures to obtain the necessary authorisation to make such payment.
3. In the event of any law or regulation becoming applicable during the Period of Insurance which will restrict the ability of an Insurer to provide coverage as specified in paragraph 1, then both the Insured and the Insurer shall have the right to cancel its participation on this Insurance in accordance with the laws and regulations applicable to the Insurance provided that in respect of cancellation by the Insurer a minimum of 30 days notice in writing be given. In the event of cancellation by either the Insured or the Insurer, the Insurer shall retain the pro rata proportion of the premium for the period that the Insurance has been in force. However, in the event that the incurred claims at the effective date of cancellation exceed the earned or pro rata premium (as applicable) due to the Insurer, and in the absence of a more specific provision in the Insurance relating to the return of premium, any return premium shall be subject to mutual agreement. Notice of cancellation by the Insurer shall be effective even though the Insurer makes no payment or tender of return premium.

**AVN 111**

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Effective Date: Inception

## Endorsement No.4

Attaching to Policy No. \_\_\_\_\_

In the name of PT. \_\_\_\_\_ and/or associated and/or subsidiary and/or affiliated Companies now existing or as may be hereafter constituted for their respective rights and interests.

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### DISPUTE

In the event of any dispute arising between the Insurer and the Insured as consequence of the interpretation of liability or amount of indemnity of this Policy, the dispute shall be settled amicably within 60 (sixty) calendar days from the dispute arose. The dispute arises since the Insured or the Insurer has expressed in writing his disagreement on the subject matter of the dispute.

If the dispute could not be settled amicably, the Insurer shall give the option to the Insured to select either one of the following dispute clauses as stated below:

#### A. Indonesian Insurance Mediation Board

It is hereby declared and agreed that the Insured and the Insurer shall settle the dispute through Indonesian Insurance Mediation Board (BMAI) subject to the terms and conditions applied by BMAI.

#### B. Arbitration

It is hereby declared and agreed that the Insured and the Insurer shall settle the dispute through Arbitration Ad Hoc as follows:

1. The Arbitration Ad Hoc consists of 3 (three) Arbitrators. The Insured and the Insurer shall each appoint one Arbitrator within 30 (thirty) calendar days from the date of the receipt of the written notification, then the two Arbitrators shall choose and appoint the third Arbitrator within 14 (fourteen) calendar days from the date of appointment of the second Arbitrator. The third Arbitrator shall act as Umpire of the Arbitration Ad Hoc.
2. Should there be any failure as to the appointment of the third Arbitrator, the Insured and or the Insurer could request the Chairman of the court (Ketua Pengadilan Negeri) where the defendant domiciles to appoint the Umpire.
3. The examination of the dispute shall be settled within 180 (one hundred and eighty) calendar days from the date of the formation of the Arbitration Ad Hoc. The period of examination of the case could be extended. Upon the agreement of both parties and if it is deemed necessary by the Arbitration Ad Hoc, the period of examination of the dispute could be extended.
4. The Arbitration award is final and enforceable at law and binding the Insured and the Insurer. Should the Insured and or the Insurer fail to comply with the arbitration award, then the award shall be executed under the order of the Chairman of the court (Ketua Pengadilan Negeri) where the defendant domiciles at the request of the other party in dispute.
5. Other matters which are not provided under this clause shall be subject to the provisions of laws on arbitration, which currently be the Act of the Republic of Indonesia Nr. 30 year 1999 dated August 12, 1999 regarding Arbitration and Alternative Dispute Resolution.

#### C. Court

It is hereby declared and agreed that the Insured and the Insurer shall settle the dispute through the Court (Pengadilan Negeri) within the territory of the Republic of Indonesia.

#### **CURRENCY**

In case of premium and or claim under this Policy is denominated in foreign currency but the payment will be settled in Rupiah currency, such payment shall be executed based on the selling rate of Bank Indonesia at the time of payment.

#### **WAIVER CLAUSE**

It is hereby declared that in the event of the Insured or the Insurer terminates this Insurance, then both parties agree to waive articles 1266 and 1267 of the Indonesian Civil Code and such termination shall be made without requiring any consent of the court (Pengadilan Negeri) within the territory of the Republic of Indonesia.