**INSTRUCTION TO BIND CLAUSE (RISKS LOCATED IN JAPAN)**

Whereas the Japanese Insurance Business Law (IBL) requires that for certain categories of risks (“Japanese domestic risks”) insurance coverage may only be provided to applicants for insurance coverage by persons permitted in accordance with the IBL to carry on insurance business in Japan and in accordance with the terms of such authorisation.

Whereas Lloyd’s Underwriters have been permitted in accordance with the IBL to carry on insurance business in Japan by appointing Lloyd’s Japan Inc (LJI) to act as their general agent.

Whereas the applicants for insurance coverage wish to obtain as part of the placement cover from Lloyd’s Underwriters for risks that the parties have determined are Japanese domestic risks (for Lloyd’s Underwriters’ percentage share of the placement only). The applicants for insurance coverage hereby request such cover from Lloyd’s Underwriters to be bound through their general agent, LJI, on the terms and for the premium as set out in the Japan Endorsement appended to this contract.

a) By signing for their participation on this contract and for their shares as shown Lloyd’s Underwriters authorise, appoint and instruct LJI to enter into a contract of insurance and issue a policy of insurance on the terms set out in the Japan Endorsement appended to this contract providing insurance coverage for that part of this placement that constitutes Japanese domestic risks.

b) Until such time as LJI binds cover in accordance with a) (and subject to g) and the terms of cover bound by LJI) the parties agree there shall be no coverage provided by Lloyd’s Underwriters for any part of this placement that is a Japanese domestic risk.

c) The broker is authorised on behalf of Lloyd’s Underwriters to transmit to LJI this Instruction to Bind and the terms of the coverage to be provided.

d) Subject to g) for the avoidance of doubt LJI has no authority to amend, alter or in any way change the terms and conditions of the coverage as set out in the Japan Endorsement.

e) Lloyd’s Underwriters further agree that LJI shall have authority to deal on behalf of Lloyd’s Underwriters with all matters consequential on the binding of cover. This includes all matters relating to the handling of premium, meeting the local regulatory reporting requirements, the management of local funding requirements and the submission of local tax returns. LJI shall also have authority to accept claims notifications made in relation to losses arising from that part of this placement that is a Japanese domestic risk.

f) Lloyd’s Underwriters:

1. acknowledge that LJI will not undertake a policy checking of the contract (ie a check as to the correctness and completeness of terms and conditions in the contract);
2. understand that LJI will undertake all reasonable endeavours to meet any service standards that it may from time to time issue regarding the issuance of local Japan policies. However, Lloyd’s Underwriters acknowledge that no liability shall attach to Lloyd’s, LJI or their directors, officers or employees for any failure to meet those service standards; and
3. acknowledge that the content and accuracy of the evidence of each contract of insurance is a matter for Lloyd’s Underwriters and is not the responsibility of Lloyd’s, LJI or their directors, officers or employees. Accordingly Lloyd’s Underwriters agree in respect of this service performed by LJI that they shall indemnify and keep indemnified each of Lloyd’s, LJI, their directors, officers and employees and Lloyd’s Underwriters hereby hold them harmless from and against all actions, claims, demands, liabilities, damages, costs, losses or expenses (including without limitation, consequential losses, and all interest, penalties, legal and other professional costs and expenses) arising out of or in connection with the signing and issuance of local Japan policies under the terms of any authorisation given.

g) Japanese regulations require that premium be paid prior to the inception of cover. Accordingly, premium allocated by the Lloyd’s Underwriters to the Japanese domestic risks on this placement must be received by LJI prior to LJI binding cover in accordance with a) and cover incepting. If the applicable Japan premium is received by LJI after the intended inception of this placement Lloyd’s Underwriters shall have no liability and no claim shall be paid by Lloyd’s Underwriters in respect of claims that occur prior to the date that cover is bound by LJI in accordance with a) following receipt of the premium.

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05 February 2013