



IPV Energy Heavy Industries Corporation Risk Management & Insurance Presentation

July 2016

International Offices

United States – Singapore – Philippines – India – China – Germany – Mexico – United Kingdom – Canada – St. Kitts & Nevis
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IPV Energy Risk Management & Insurance

IPV Energy has chosen to demonstrate a strong engagement of risk management through the placement of a comprehensive suite of insurances to secure a safe platform from which to operate by offering contract certainty at all times to its lenders.

The assessment and placement of a protective blanket of insurance products, coupled with stringent credit control and risk management protocols, will evidence that IPV's business will operate robustly as a viable operation alongside its funding partner's strict banking covenants.

The integrity of IPV Energy's insurance proposition is founded upon a full scope of cover, the security offered by specialist "A" rated underwriters, clarity of terms and conditions and continuity of service based upon regular underwriter/client/ funder discussions so that decisions are accurate, timely and well informed.

Before IPV Energy takes on any given project, the Senior Management will pre-qualify the off-taker of the power as being a credit worthy prospective client. In addition, a thorough and objective assessment of the socio-economic and geo-political environment into which IPV Energy wishes to operate and provide its services.

Armed with that advance insight, IPV Energy will seek the additional input of the prospective funding partner to gain their participation on the solutions they wish to see embedded into the documentation.

Once the insurance is in place to securitise the terms and conditions set forth in the conditional financial commitment, IPV Energy is ready to close the loan and execute the issuance of the contract certain insurance documentation.

The relationship between the funding partner, IPV Energy and the insurance underwriters doesn't end there, it is just the beginning and lasts throughout the term of the loan. The long-term benefits to the funding partner go well beyond insurance and serve to provide an excellent platform for securing insights through the Lloyd's network for both initial and ongoing due diligence to stay pro-active throughout the ongoing term of the loan.

An additional benefit is the up and coming digital platform that IPV Energy is establishing for lenders and investors. The underwriters' policy documentation will be accessible through this network via secure access with all the data processed in conjunction with the project and reported in real-time for lenders and investors to evaluate.

Finally, an alert system will send electronic notices regarding insurance coverage updates available on every project, globally. A funding partner's participation in any given project will thus be fully secured and be far more attractive because of IPV Energy's ability to operate and trade safely with the confidence of meeting its debt servicing obligations.

The key to assessing and removing all risks is IPV Energy's commitment to adapt its policies to keep pace with any new requirement through the market's armory of products with the correct capacity, limits and protection.

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Commercial & Corporate Insurances

IPV Energy will provide a comprehensive suite of policies primarily, although not exclusively, through the Lloyd's of London market:

- Professional Indemnity.
- Intellectual Property.
- Errors & Omissions.
- Directors and Officers.
- General liability and excess layer of umbrella cover for all stages of manufacture, assembly, operations and third party issues related to hired subcontractors
- Workers Compensation.
- Property & Equipment insurance for all of the buildings and contents for equipment, offices, temporary buildings, etc.
- Rail cars and other modes of transport.
- Business Income, contingent business income and extra expense insurance for potential lost revenue.
- Perils related to buildings and equipment vis-à-vis crime, fire, theft, vandalism, equipment breakdown, cave ins and other factors that could relate to diminish production.
- Boiler, machinery, heating, ventilation, processing, mobile equipment breakdown, inspections and testing.
- Vehicle liability insurance vis-à-vis the pickups, crew bus, tractors, trailers, etc.
- Cargo insurance of the equipment in transport whether shipped by common carrier or owned trucks & rail
- Employment Practice Liability vis-à-vis issues arising along the lines of alleged and actual wrongful termination, sexual harassment, failure to promote, failure to hire, gender, age, religious, and race discrimination.
- Foreign and Multinational Liability insurance covering risks and operations outside of the country such as Kidnap Ransom & Extortion.

Trade Credit Insurance

IPV Energy will protect itself and its lenders against the default and/or insolvency of its corporate and Government partners through the purchase of a Trade Credit insurance policy for any given project that will:

- Transfer the risk of buyer and/or Government non-payment to the insurance market.
- Strengthen the existing credit management processes via up-to-date business information.
- Satisfy corporate governance requirements.
- Protect the profit & loss account and balance sheet against non-payment risk.
- Facilitate access to competitive finance and working capital from the banking market.
- Underpin credit management function to support corporate governance best practice.
- Provide access to the financial history and credit worthiness of potential buyers.
- Provide security in new markets with informed position on debtors to promote a prudent and targeted sales growth.
- Provide invaluable customer insight based on up to date company and economic analysis from credit risk specialists.
- Enable longer terms of payment to be offered to “win” a contract.
- Promote risk avoidance by focusing credit control upon problem accounts.
- Improve cash flow and reducing “days sales” outstanding.
- Reduce bad debt reserves and freeing up working capital.
- Enable payment solutions to be negotiated to trade a debtor with cash flow problems out of its financial difficulties.

Political Risk

The asset and funding investment may be adversely affected by Government action whereby the supply chain may become increasingly vulnerable and disrupted.

IPV Energy will purchase Political Risk cover alongside the Trade Credit Insurance policy to indemnify any loss occasioned by tariffs, the expropriation of assets or restriction and/or repatriation of profits together with tightened foreign exchange rules by a Government whereby unforeseen political events can lead to:

- Confiscation, expropriation or nationalization of assets.
- Export/import embargoes or cancellation of export/import licenses.
- Physical damage to assets from political violence.

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- Termination of or default on contracts.
- Non-payment or moratorium due to exchange transfer and currency inconvertibility.
- Non delivery/shipment of goods.
- Forced abandonment or divestiture.
- Government non-payment of trade related debt to financial institutions.
- Government actions leading to increased costs/penalties/loss of profit/liquidated damages.

Cargo & Marine Insurances

In addition, a full suite of Lloyds' of London cargo and marine insurances will be put in place to indemnify the delivery, loading, transportation and off-loading of the technology shipments to include goods in transit and temporary storage during or at the end of the process.

Loss Payee

The Trade Credit Insurance and Political Risk policies can be endorsed to the funder.

In the event of a claim the settlement will be paid directly to the funder by the underwriter.

In view of the above, borrowings and other lines of finance to be drawn down against the contract are secured by underwriters to create an "A" investment grade rating for the project.

Underwriting Partners

IPV Energy has identified and pre-qualified a panel of preferred Lloyd's of London and Corporate markets.

All of the underwriters offer an "A" financial strength rating that demonstrates their ability to meet their policy, contract obligations and claims payment certainty.

Where 100% levels of indemnity are required, additional layers of secondary and tertiary cover will be purchased to support the primary underwriter.

The underwriters will offer their staff expertise and specialist knowledge with locally admitted products to IPV Energy on a 24/7 basis to identify and resolve all known and unexpected risks and claims through an active, attentive, flexible, professional and responsive service.

In conclusion, the IPV Energy's proposed suite of insurances will:

- Improve operating success and provide a competitive edge through innovative solutions.

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- Increase market position and reputation by maximizing efficiency, security and profit.

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