

OPEN TENDER

INVITATION FOR SUBMISSION OF PROPOSALS FOR THE CIVIL LIABILITY INSURANCE COVERAGE OF DIRECTORS AND OFFICERS OF THE HELLENIC FINANCIAL STABILITY FUND (HFSF)

July 28, 2017

1. INTRODUCTION

HFSF is a private law entity established in July 2010 under the law 3864/2010 (FEK A 21-7-2010), as amended, and in force today. The objective of the HFSF is to contribute to the maintenance of the stability of the Greek banking system, for the sake of public interest. The HFSF shall act in line with the relevant commitments under the Memorandum of Understanding of 15.3.2012, draft of which was ratified by law 4046/2012 (A' 28) and of the Memorandum of Understanding of 19.8.2015 draft of which is ratified under law 4336/2015 (A' 94), as they are both updated from time to time. The duration of HFSF is up to 30 June 2020 and it may be extended by decisions of the Minister of Finance if deemed necessary for the fulfilment of its scope.

HFSF is initiating an open tender by inviting expression of interest from suitably qualified and experienced insurance companies, in order to award the insurer that will undertake the civil liability insurance coverage of Directors and Officers, with the sole selection criterion being the lowest price ("the invitation").

2. CONTRACTING AUTHORITY, TIME AND PLACE OF TENDER

Awarding authority for the tender is deemed to be HFSF the address of which is: 10 El. Venizelos Str. | 106 71 | Athens | Greece [+30] 215 5606970. Tenders must reach HFSF offices before 17:00 hrs local time on the 5th of September 2017 at the address indicated above, in sealed envelopes, to the attention of: Mrs. Evangelia Chatzitsakou – CFO - COO.

Tenders received after the closing date and time will not be considered. It is stressed that tenders received by fax or by e-mail will not be considered also.

3. SCOPE OF WORK

- I. The Directors' & Officers Liability insurance coverage, as more fully detailed in the attached draft of the Insurance Policy.

The proposed policy wording, as amended, is based on the AIG Greece Corporate Guard for Financial Institutions ** English wording, for which HFSF has taken special permission from AIG Greece to use it for the purposes of this tender. This wording has been modified by addition of

endorsements reflecting the requested cover that satisfies HFSF needs. The terms used in the present invitation are defined in the attached draft of the Insurance Policy.

Deviations from the proposed wording and extend of cover are not permitted.

- II. Limit of liability / coverage required EUR 100 million which will include inter alia the following coverages, as more fully detailed in the attached wording of the Insurance Policy and further analyzed in the endorsement 14 thereof:
 - a. The Insured's' legal defense costs and expenditures incurred by the Insured for the preparation and representation in investigations in which they were/are required to attend whether civil or criminal.
 - b. Pecuniary civil claims that will be awarded against the Insured under an irrevocable court judgment or arbitral award, or after an out of court amicable settlement and after having the insurer's agreement
 - c. Cover for claims against legal heirs and legal representatives.
 - d. Extended reporting period of six years for claims in the event of non-renewal or non-replacement of the insurance policy with another insurer. Also in the event of termination and/or any form of change in control, and/or in any form of termination of function or abolishment of HFSF or amendment of HFSF law in respect to shortening HFSF's lifetime which is today determined until 30/06/2020 run-off of 6 years period.
 - e. Coverage for the members of the General Council, Executive Board, Directors & Officers and in general a person or a person in a committee covered under the organizational chart of the Insured, as these are fully described in the draft policy attached together with the relevant endorsements.
 - f. Coverage for Additional Insured Persons as per the relevant endorsement.
 - g. Entity employment practice liability (Entity EPLI) as per the relevant endorsement.

The budget of the Bidding Process for a maximum insured coverage limit of 100.000.000 has been set at 352.174 € for one year premium tax excluded. This is merely indicative and does not indicate an upper bid limit.

The insurance will be concluded with an initial annual period with effective date to be advised with the right of the Policyholder to renew for another nine (9) months up to 30/06/2019, subject to the agreement from both parties at the end of the policy year. The renewal premium for the 9 months will be computed at a pro rata additional premium which however shall be capped up to an increase of 5%. It is clarified that in case of disagreement as to the renewal of the above, HFSF has the right to require the Insurance Company, and the Insurance Company is obliged to accept, the extension of coverage for 3 additional months at a cost equal to one quarter (1/4) of the premium paid for the previous year. The Run-off of six years period as described in the aforementioned paragraph (d), is subject to the payment of a non-refundable additional premium not exceeding 100% of the total annual prevailing premium. In case the run-off is not triggered during the policy period then the insured has the right to convert the respective premium to an additional 12 month extension with effect from 01/07/2019.

The annual premium shall be paid within thirty (30) days as of the issuance date of the insurance policy.

4. PARTICIPATION REQUIREMENTS

The right to participate in this tender lies with insurance companies or consortiums of insurance companies in the form of coinsurance scheme, as provided in Article 15, paragraph 4 of Law 2496/1997. Each participating insurance company:

- a. Should be incorporated in an EU Member State or a state of the European Economic Area or in a third country that has signed association agreements with the EU.
- b. Should exhibit equity of at least €50,000,000 at year end.
- c. If the participating insurance companies are using reinsurance broker, they should exclusively work with the said broker and declare its name.

For this purpose, insurance companies or consortiums of insurance companies, which will participate in the procedure, are obliged to submit the information and documentation as described in paragraph 6b) Technical Proposal of the present Invitation.

Each candidate may participate in the selection process either individually or as part of one sole consortium of insurance companies. Bids submitted independently by agents of insurance companies or insurance brokers will be rejected.

Insurance companies with shareholding interest of Greek systemic banks to which HFSF participates in their share capital and their affiliate insurance brokers acting as reinsurance brokers, shall be excluded.

5. INFORMATION TO BE SUBMITTED

The offers shall be made in the English language.

Supporting documents and certificates awarded by the relevant Greek authorities will be eligible for submission in the Greek language. The equivalent supporting documents and certificates of foreign authorities will be submitted in the local language issued accompanied by an official translation in Greek.

Additions, modifications or reservations of the bidders on the terms contained herein are not accepted and bidders who include such variations will be disqualified from the Tender process.

6. THREE ENVELOPES SYSTEM

Tenders must be submitted using the three-envelope system, with separate sealed envelopes containing:

- a. the Supporting Documents
- b. the Technical Proposal
- c. the Financial Proposal

Each envelope shall be taken into consideration, only if the previous envelope has been found complete and in compliance with the terms set in the present document.

The three sealed envelopes must be enclosed inside an outer envelope (also sealed) showing only the above (in chapter 2) address and the name of the Applicant and the Tender it refers to.

a) 1st File - The Supporting Documents

- i) Details of Applicant shall supply the following information, where necessary together with the originals or certified copies of documents: name of Company, address of head office, telephone number, date and place of establishment, principal officers (titles and names), official, updated and valid company registration, certificate of membership of the Chamber of Commerce and Industry. Additionally, where the Applicant is a consortium of insurance companies:
- the proposed division of responsibilities and corporate relationships between the consortium members should be shown,
 - a certified undertaking that each consortium member will be responsible for their percentage for the fulfillment of the Applicant's participation arising from their participation in the Tender.
- ii) For Greek companies, license of operation issued from the Ministry of Development, as required from the Legislative Decree 400/1970, as in force today.
For foreign companies, license of operation from the equivalent Ministry of Development or other competent Authority of the country of incorporation of the company,
or
if such license of operation is not issued by the competent authorities any equivalent certificate provided by the laws of the country of incorporation as evidence of license of operation.
- iii) Solemn declaration of the Tenderer for the unconditional acceptance of the Tender process and the proposed policy wording.
- iv) Confirmation of acceptance that the proposal, upon its submission, will be valid for 90 days.
- v) If the Tenderer is a Societe Anonyme, a duly certified abstract from its board of directors providing the approval for the participation in the Tender, which will also determine the person authorized to sign the proposal and the person in Attica Region who will be authorized to receive any documents relevant to the Tender.
- vi) For any foreign insurance companies participating in the Tender, the decision of the company's competent body as provided by its Articles of Association, which will determine the person authorized to sign the proposal and the person in Attica Region who will be authorized to receive any documents relevant to the Tender.
- vii) Details of profile and organizational scheme of company (-ies), link with parent company and/or other group of consortium members (if applicable). The Applicants that intend to form or participate in a consortium should clearly state the share of their participation together with the tasks and functions to be undertaken by each one of them. Each Applicant is not allowed to participate in the tender more than once (either individually, or in parallel through an affiliate or subsidiary company, or in parallel as a member of more consortia than one). Applicants through an insurance agent will not be accepted.
- viii) Applicants must indicate the names and professional qualification of the staff that will provide the Services. In case that an Applicant is related with any person connected or controlled by HFSF, it should be clearly stated in their submitted documents.
- ix) The most recently solvency data as issued by the competent authorities.

- x) Certificate (original or duly certified) of enrolment with the professional or trade register under the conditions laid down by the laws of the country in which the Applicant is established.
- xi) Valid (original or duly certified) certificates issued by the competent authorities in the country in which the Applicant is established or solemn declaration, made before a duly administrative authority or notary, proving that: the Applicant has fulfilled his obligations relating to the payment of social security contributions and the payment of taxes in accordance with the legal provisions of the country in which it is established; the Applicant is not, and no motion has been raised against it, seeking to place it in a state of bankruptcy, liquidation, obligatory administration, suspension of operations, or any other equivalent situation in accordance with the legal provisions of the country in which it is established.

b) 2nd file-The Technical Proposal

Financial information related to the financial proposal/or cost reference, if included in the Technical Proposal will invalidate the Tender.

- i) The Financial Statements in accordance with International Financial Reporting Standards (IFRS) or Greek Accounting Standards.
- ii) A solemn declaration of the bidder, with which he will indicate whether the nomination is backed by reinsurance support, and if the reinsurance cover is from reinsurance treaties and for what percentage of the total risk or whether it is from facultative reinsurance and for what percentage of the total risk, as per the attached herein specimens 1 and 2, where applicable.
- iii) Certification of insurance / reinsurance Support:

Each of the bidders is required to produce a formal solemn declaration which should state:

- The percentage of own retention, if any.
- That the insurance company has secured reinsurance support for at least 60% for the total limit of coverage or if the coverage is configured in layers should have ensured minimum reinsurance support of at least 60% of the coverage limit per level. In case of consortium of insurance companies, proof of the aforementioned reinsurance support should be provided separately for each member of the consortium for their percentage. The company or consortium of insurance companies which will emerge as the lowest bidder will have to demonstrate 100% of the reinsurance support.
- The names and addresses of the treaty reinsurance and the facultative reinsurance, as well as the percentage of each of them in this project.
- All reinsurers (both treaty and facultative), including insurance companies with their own retention, participating in the risk should be rated at least with Class A (A) from internationally respected and sound rating agencies such as Standards & Poor's, AM BEST, or an equivalent.
- That the reinsurers, treaty or facultative that are to be used, as well as the insurance companies with their own retention, are aware of this invitation to tender, and accept their participation. This declaration should be accompanied with same signed letters/confirmations from the reinsurers too.

Failure to submit the above declaration as well as the original certificates of insurance as specified in Part 9 hereof, will result to the exclusion from this tender.

c) 3rd File-Financial Proposal

The Tender must be clearly expressed to remain valid for a minimum period of ninety (90) days from the deadline date of its submission.

HFSF may accept the Tender at any time within this period.

Each candidate individually or as part of a consortium, is required to submit, under penalty of exclusion, the following:

Their Financial bid (which will show the gross annual premiums in detail). Especially in the financial bid it should be indicated in figures and in words, the total annual gross premiums (including insurance tax).

A financial offer which is indefinite or conditional will not be accepted.

The financial bid shall be signed by the legal representative of the bidder, who shall mark with initials each page of the tender. In case of a consortium of insurance companies the offer is to be signed and initialed by the legal representatives of all companies participating in the consortium.

Unsigned bids shall be deemed void.

The Insurance/Policy Tax and any other charges which are levied in Greece on net premiums and are related to this specific coverage will be included in the price indicated by the Tenderer to HFSF, and the total price (Gross Annual Premiums), is what will be taken into consideration when comparing offers.

Any corrections, deletions and additions, which will be clearly indicated in the margin of the pages of the Tender, shall be valid if they bear the signature and seal of the Tenderer.

7. GENERAL REQUIREMENTS

The participation in every phase of the Tender implies full acceptance by each Applicant of the tendering approach and of respective terms and conditions.

The insurance contract will be subject to Greek Law and Jurisdiction.

8. LEGAL ENVIRONMENT

This Tender is made in accordance with the provisions of the relevant EU and Greek Legislation, and the respective internal procedures of HFSF. By participating in the Tender, the Applicants acknowledge that they accept the above.

9. AWARD - CANCELLATION OF PROCEDURE - AWARD NOTIFICATION

The tender process is concluded with the approval of the outcome by the HFSF.

Before the completion of the Tender and before signing the Contract, the Tenderer who has submitted the lowest bid, is invited by letter to provide the below necessary evidence within 10 days, at the penalty of exclusion:

- a. The Original Cover Notes, where the reinsurers are explicitly referred, as well as any percentage of own retention of the insurance companies that cover 100% of the risk, as well as their percentage of participation in the risk.
- b. The above certificate should be accompanied by an original letter of each reinsurer to the insurance company, where applicable, stating that he provides direct insurance or facultative reinsurance support, for% of 100 % of the risk, as per the attached herein specimens 1 or 2, (i.e.: a percentage for the overall limit of cover, which amounts to € 100.000.000) or for ... % percentage of 100% of the risk of the layer in which he participates, in accordance with all the terms of the Tender, which he states that he has read and fully accepts. All insurers/reinsurers participating in this risk should be rated at least with Class A (A) from internationally respected and sound rating agencies.
- c. Insurance companies with their own retention and facultative reinsurers should provide a letter (as per specimens attached, where applicable) stating that they have read and wholly accept the tender requirements. Also stating that their rating is at least with Class A from internationally respected and sound rating agencies, such as Standards & Poor's, AM BEST, or an equivalent.

In case of a consortium of insurance companies, the Cover Notes issued by the consortium, shall bear the seal and signature of the participating insurance companies for their share in the risk. If the bidder fails to appear in the said deadline, the HFSF shall be entitled to nominate him deposited.

In the case of a consortium of insurance companies, the award will be made in the name of all members of the consortium who in their turn are obliged to submit the above requested certifications (a and b above) each one for its respective share of participation in the insurance cover and they will be responsible towards HFSF for their percentage of participation in the insurance.

The draft Policy included in this Tender constitutes the final insurance contract that will be signed between the HFSF and the insurance company or consortium of insurance companies.

HFSF reserves the right to cancel the Tender at any time before the completion of the Tender process for any reason.

10. LODGING OF APPEALS

Within a deadline of ten (10) days, after taking notice in any way whatsoever of any illegal action or omission in the course of the tender, interested bidders may lodge an appeal before HFSF specifying the legal and real causes that justify their action. The appeal is also communicated by the petitioner, to any participant affected by any total or partial acceptance of the appeal. No lodging of appeal versus the decision, which accepts in whole or in part the appeal lodged by another participant, is permitted.

HFSF is obliged, within a deadline of fifteen (15) days from the date of lodging the appeal, to render their advice.

If the appeal is rejected, or no action is taken by HFSF passed the deadline, the appeal is deemed to have been rejected and a petition for injunction may be lodged before the competent Administrative Court of Appeals, as per the provisions of the Law 4412/2016.

11. RIGHTS AND RESERVATIONS OF HFSF

HFSF will not be responsible for, nor pay for, any expense or loss which may be incurred by any Tenderer in the preparation and submission of his Tender or otherwise related thereto and regardless of the conduct or outcome of the tendering process.

- a. Participation in the Tender Process (Bidding) equals to a statement by the Tenderer that he had full knowledge of the terms of the relevant procedure as well as all data and parts of the Tender.
- b. HFSF reserves the right to postpone the date of submission of Bids or make any modifications to documents of the Tender. These changes will be included in supplements of the Tender, which will be published in the same manner as this invitation to tender.
- c. The bids of the Tenderers submitted in accordance with the guidelines of the invitation to tender, are considered suggestions to HFSF, and not accepted proposals.
- d. Any omission in the submission of the bid, or in the signing of any document, does not entitle the Tenderer to qualify for an exemption or a reduction of liability.
- e. The conditions and restrictions related to the submission of bids are to the benefit of HFSF, who is entitled, prior to the submission of the bids to resign from them, without creating any rights for the Tenderers or any other third party.

12. DOCUMENTS OF THE INVITATION

This Invitation is accompanied by the following set of documents:

- a. Invitation, Terms and Process Instructions.
- b. Draft insurance policy in English.
- c. "Specimens", which includes:
 - Declaration of acceptance of the Terms of Tender and acceptance of offer for a period of 90 days after its submission (Specimens 1 & 2).
- d. Law establishing HFSF, as amended and in force today.

e. Proposal form.

f. Non- Disclosure Agreement (NDA), which shall be signed by each participant prior to collecting the set of documents for the tender, as more fully described under points a to e, above. Documents under b to f here above will be available at the place of tender, from 10:00 am to 17:00 pm, working days, at the cost of € 50 for each set of documents.

Specimen 1

DRAFT LETTER FROM THE INSURER

To whom it may concern:

In accordance with the requirements of the HFSF tender .../2017 for D&O Insurance Liability, we hereby confirm our agreement with the content of the tender documents and more particularly with:

- Appendix wording
- Schedule of the Insurance Program
- Quotation valid for 90 days.

We hereby agree to provide support for our share of ...% of the total loss limit of

Our (Standard and Poor's / AM Best) security rating is:

We submit these terms in compliance with all tender regulations stipulated herein and as applicable by the Greek Law.

Signed on Behalf of

Signed:

Date:

Specimen 2

DRAFT LETTER FROM THE FACULTATIVE REINSURER

To whom it may concern:

In accordance with the requirements of the HFSF tender .../2017 for D&O Insurance Liability, we hereby confirm our agreement with the content of the tender documents and more particularly with:

- Appendix wording
- Schedule of the Insurance Program
- Quotation valid for 90 days.

We hereby agree to provide support for our share of ...% of the total loss limit of as facultative reinsurer of the insurance company, exclusively.

Our (Standard and Poor's / AM Best) security rating is:

We submit these terms in compliance with all tender regulations stipulated herein and as applicable by the Greek Law.

Signed on Behalf of

Signed:

Date: