

**ARTICLES OF AGREEMENT OF THE ISLAMIC CORPORATION FOR THE INSURANCE
OF INVESTMENT AND EXPORT CREDIT***

THE STATES PARTIES TO THIS AGREEMENT AND THE ISLAMIC DEVELOPMENT BANK;

CONSIDERING that one of the objectives of the Organization of Islamic Conference, as expressed in the Organization's Charter, is the development and fostering of cooperation among member countries in the economic and social fields;

DESIROUS of strengthening economic relations among member countries of the Organization of Islamic Conference on the basis of Islamic principles and ideals;

SEEKING to promote the flow of capital and to enlarge the scope of trade relations among Islamic countries in order to reinforce and promote their efforts at development;

HAVING REGARD:

- to Article 15 of the Agreement for the Promotion, Protection and Guarantee of Investment among member countries of the Organization of Islamic Conference, which provides that the Organization shall, through the Islamic Development Bank, establish an Islamic Institution for Investment Guarantee to undertake, in conformity with Sharia, the provision of insurance for investments in the territories of signatory parties of the said Agreement;
- to the recommendation of the Standing Committee for Commercial and Economic Cooperation (COMCEC) of the Organization of Islamic Conference in its Fifth Session held in Istanbul, Republic of Turkey, in Safar 1410H for creating the mechanism for carrying out, in accordance with Shariah, the insurance of export credit in order to protect trade transactions between Islamic countries against commercial and non-commercial risks;

HAVE AGREED AS FOLLOWS:

**CHAPTER I
ESTABLISHMENT, DEFINITIONS, STATUS, OFFICE, OBJECTIVE AND
PURPOSES, MEMBERSHIP**

**Article 1
ESTABLISHMENT**

There is hereby established in accordance with the provisions of this Agreement a subsidiary Corporation of the Islamic Development Bank called "The Islamic Corporation for the Insurance of Investment and Export Credit" (hereinafter called "The Corporation").

**Article 2
DEFINITIONS**

* Source: Islamic Development Bank (1992). *Articles of Agreement of the Islamic Corporation for the Insurance of Investment and Export Credit*, (LD133/A:01/RI/MH, C:2212/RI) (Jeddah: Islamic Development Bank) [Note added by the editor].

In this Agreement, unless the context otherwise requires, the following words and terms shall have the following meanings:

- "Organization": the Organization of Islamic Conference.
- "Bank": the Islamic Development Bank
- "Member State(s)": a Member State of the Organization that has become a party to this Agreement.
- "Member(s)": the Bank and Member State(s).
- "Export Credit": A credit relating to export transactions.
- "Host Country": a Member State in whose territories an investment that has been insured or reinsured, or is considered for insurance or reinsurance by the Corporation is to be located; as well as a Member State into whose territories goods financed by a credit that has been insured or reinsured, or is considered for insurance or reinsurance by the Corporation, are to be imported.
- "Investment Insurance": the insurance cover provided by the Corporation for the investments referred to in Article 17 hereof against the risks stipulated in Article 19(2) hereof or the risks approved for coverage by the Board of Directors in accordance with Article 19(3) hereof.
- "Export Credit Insurance": The insurance cover provided by the Corporation for Export Credits against the risks stipulated in Articles 19(1) and 19(2) hereof or the risks approved for coverage by the Board of Directors in accordance with Article 19(3) hereof.
- "Insurance Contract(s)": includes Investment Insurance contracts as well as Export Credit Insurance contracts.
- "Reinsurance Contract(s)": includes reinsurance covers provided by the Corporation in respect of Insurance Contracts as well as reinsurance contracts entered into by the Corporation for ceding risks insured or reinsured by the Corporation.
- "Policyholder(s)": the natural or juridical person or persons who conclude Insurance Contracts with the Corporation in accordance with the provisions of this Agreement.
- "Policyholder's Country": a Member State to whose legislations the Policyholder is subject.
- "The Board of Governors": the Board of Governors of the Corporation.
- "Board of Directors": the Board of Directors of the Corporation.

"The President": The President of the Corporation.

"Islamic Dinar": the unit of account of the Corporation the value of which shall be equivalent to one Special Drawing Right of the International Monetary Fund.

Article 3

STATUS

Without prejudice to the provisions of Article 1 hereof, the Corporation shall be an international institution with full juridical personality, and in particular, the capacity to:

1. contract,
2. acquire and dispose and of movable and immovable property;
3. institute legal proceedings.

Article 4

OFFICE OF THE CORPORATION

1. The principal Office of the Corporation shall be located in the city of Jeddah, Kingdom of Saudi Arabia.
2. The Corporation may establish agencies or branch offices elsewhere.

Article 5

OBJECTIVE AND PURPOSES

1. The objective of the Corporation shall be to enlarge the scope of trade transactions and the flow of investments among Member States.
2. To serve its objective, the Corporation shall provide, in accordance with the principles of Shariah, Export Credit Insurance or reinsurance in respect of the goods which satisfy the conditions specified in Article 16 hereof, by paying the Policyholder a reasonable indemnity in respect of losses resulting from the risks specified in Articles 19(1) and 19(2) hereof, or the risks specified by the Board of Directors in accordance with Article 19(3) hereof.
3. At a suitable time after its establishment the Corporation shall, in accordance with the principles of Shariah, provide Investment Insurance, as well as reinsurance, in respect of investments by Members in a Member State against the risks specified in Article 19(2) hereof, or the risks specified by the Board of Directors in accordance with Article 19 (3) hereof.
4. The Corporation shall exercise such powers as it may deem necessary or appropriate for achieving its objectives. The Corporation shall be guided in all its decisions by the provisions of this Article.

Article 6
MEMBERSHIP

1. The founder Members shall be the Bank and those Member States of the Organization listed in Annexure "A" hereto which, on or before the date specified in Article 61 hereof shall have signed this Agreement and shall have fulfilled all other conditions of membership.
2. Any other state which is a member of the Organization may apply and be admitted as a Member after the entry into force of this Agreement upon such terms and conditions as may be decided by the vote of the majority of the total number of Governors representing a majority of the total voting power of the Members.
3. A state that is a member of the Organization may authorize any entity or agency to sign this Agreement on its behalf and to represent it in all matters relating to this Agreement with the exception of the matters referred to in Article 62 hereof.

CHAPTER II
FINANCIAL RESOURCES

Article 7
RESOURCES OF THE CORPORATION

The resources of the Corporation shall consist of:

- a. subscriptions to the capital stock of the Corporation,
- b. insurance and reinsurance contributions donated by Policyholders to the Corporation to the extent required by the Corporation to meet claims,
- c. sums and other assets to which the Corporation shall become entitled to as subrogee after payment of claims, and
- d. the return on the investment of the resources of the Corporation.

Article 8
AUTHORIZED CAPITAL

1. The authorized capital stock of the Corporation shall be One Hundred Million (100,000,000) Islamic Dinars divided into One Hundred Thousand (100,000) Shares having a par value of One Thousand (1000) Islamic Dinars each, which shall be available for subscription by Members in accordance with the provisions of Article 9 hereof.
2. The authorized capital stock may be increased by the Board of Governors, at such time and upon such terms and conditions as it may deem suitable, by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the voting power of the Members.

Article 9
SUBSCRIPTION AND ALLOCATION OF SHARES.

1. The Bank shall subscribe to fifty thousand (50,000) shares in the capital stock of the Corporation to be paid in accordance with Article 10(1) hereof.
2. Each Member State shall subscribe to the capital stock of the Corporation, and the minimum number of shares to be subscribed by a Member State shall be (250) two hundred and fifty shares.
3. Each Member State shall declare the number of shares it shall subscribe to the capital stock before the expiry of the date specified in paragraph (1) of Article 61 hereof.
4. Without prejudice to paragraph (2) of this Article, a state admitted to membership in accordance with paragraph (2) of Article 6 hereof, shall subscribe to that number of shares of the unsubscribed portion of the capital stock of the Corporation as determined by the Board of Governors.
5. If the Board of Governors determines that an increase in the capital stock is warranted, each Member shall have a reasonable opportunity to subscribe, upon such terms and conditions as the Board of Governors shall determine, to a proportion of the increase of stock equivalent to the proportion which its stock heretofore subscribed bears to the total subscribed capital stock immediately prior to such increase; provided, however, that the foregoing provision shall not apply in respect of any increase or any portion of an increase in the capital stock intended solely to give effect to the determination of the Board of Governors under paragraphs (4) and (6) of this Article. No Member shall be obliged to subscribe to any part of an increase of the capital stock.
6. The Board of Governors may, at the request of a Member, by a vote of a majority of the total number of Governors representing a majority of the total voting power of the Members, increase the subscription of such Member to the capital stock of the Corporation on such terms and conditions as the Board may determine.
7. Shares of stock subscribed by founder Members shall be issued at par. Each other Member shall subscribe to such number of shares of capital stock on such terms and conditions as may be determined by the Board of Governors, but in no event at an issue price of less than par.

Article 10
PAYMENT OF SUBSCRIPTION

1. Payment of the amount subscribed by the Bank to the capital stock of the Corporation shall be made in a convertible currency acceptable to the Corporation within thirty (30) days after the date on which this Agreement comes into force.
2. Payment of the value of shares subscribed by founder Member States shall be made as follows:
 - a. Fifty per cent (50%) of the value of each share shall be paid in cash in a convertible currency acceptable to the Corporation in two equal instalments the

first of which shall be paid within thirty (30) days after the date of deposit on behalf of the particular Member State of the instrument of ratification or acceptance; and the second instalment shall be paid within a period not exceeding twelve months after the payment of the first instalment.

b. The remainder of the unpaid subscriptions shall be subject to call by the Corporation, in freely convertible currency acceptable to the Corporation, as and when required to meet its obligations.

c. Calls on any portion of the unpaid subscriptions shall be uniform on all shares.

d. If the amount received by the Corporation on a call shall be insufficient to meet the obligations which have necessitated the call, the Corporation may make further successive calls on unpaid subscriptions until the aggregate amount received by it shall be sufficient to meet such obligations.

3. The Corporation shall determine the place for any payment under this Article. Until so determined, payment of the portion of the value of shares referred to in paragraph 2(a) hereof shall be made to such place as the Bank may determine.

Article 11

REFUNDS

1. The Corporation shall, as soon as practicable, return to Member States amounts paid on calls on subscribed capital if and to the extent that:

(a) the call shall have been made to pay a claim resulting from an Insurance or Reinsurance Contract which the assets of the Policyholders' Fund could not meet and thereafter the Corporation shall have recovered, in whole or in part, in a freely convertible currency, the amount of such claim; or

(b) the call shall have been made because of a default in payment by a Member State and thereafter such Member State shall have made good such default in whole or in part; or

(c) the Board of Governors, by the vote of not less than two-thirds of the total voting power, determines that the financial position of the Corporation permits all or part of such amounts to be returned.

2. Any refund effected under this Article to a Member State shall be made in a freely convertible currency in the proportion of the payments made by that Member State to the total amount paid pursuant to calls made prior to such refund.

3. The equivalent of amounts refunded under this Article to a Member State shall become part of the callable capital obligations of the Member State under Article 10(2)(b).

Article 12

CONDITIONS RELATING TO CAPITAL STOCK

1. Shares of stock shall not be pledged or encumbered in any manner whatsoever and they shall not be transferable except to the Corporation in accordance with Chapter VI.
2. The liability of a Member in accordance with provisions of this Agreement shall be limited to the unpaid portion of its capital subscription.
3. No Member, by reason only of its membership, shall be liable for the obligations of the Corporation towards third parties.

Article 13

OBLIGATIONS AND RIGHTS OF THE CAPITAL

1. Establishment expenses shall be paid out of the capital by way of a loan to be repaid from the surplus accruing to the Policyholders' Fund.
2. The capital shall not be entitled to a share in any surplus accruing to the Policyholders' Fund.
3. Any deficit in the Policyholders' Fund shall be covered from the capital by way of a loan to be repaid from the surplus accruing to the Policyholders' Fund.

CHAPTER III

OPERATIONS OF THE CORPORATION

Article 14

USE OF RESOURCES

The resources and facilities of the Corporation shall be used exclusively to achieve the objective and purposes of the Corporation provided for in Article 5 hereof.

Article 15

RULES RELATING TO OPERATIONS.

1. In carrying out its operations, the Corporation shall:
 - a. endeavor to achieve mutual cooperation of Policyholders through their collective sharing of the losses which any one Policyholder may suffer on the materialization of the risk or risks insured or reinsured by the Corporation.
 - b. distribute to Policyholders the surplus that may accrue from the insurance and reinsurance operations on such basis as may be determined by the Board of Governors.
 - c. pay due regard to maintaining a sound financial position in accordance with established business practices.
2. Unless the context otherwise requires, all the provisions of this Agreement which apply to insurance transactions shall apply to reinsurance transactions carried out by the Corporation.

Article 16
EXPORT CREDITS ELIGIBLE FOR INSURANCE

All Export Credits pertaining to goods exported from a Member State to another Member State shall be eligible for insurance provided that:

1. The goods, the subject of the credit, shall have been produced, manufactured in whole or in part, assembled or reprocessed in one or more Member States provided that a reasonable value added will accrue to the Member State from which such goods are exported. The Board of Directors shall, from time to time, issue regulations determining the types and specifications of goods in respect of which the Corporation may insure Export Credits and the minimum value added that must accrue to the Member State in which such goods have been produced, manufactured, reprocessed or assembled.
2. The duration of the credit shall not exceed five years unless the Board of Directors shall decide otherwise.

Article 17
INVESTMENTS ELIGIBLE FOR INSURANCE

1. Investments eligible for insurance shall comprise all investments by Members or nationals of Member States in Member States including direct investments enterprises, their branches and agencies; investments in the share capital of enterprises including principal amounts of loans made or guaranteed by holders of equity in the enterprise concerned; and all other forms of direct investments which shall be considered eligible for insurance by the Board of Directors.
2. Except for reinsurance transactions, insurance shall be restricted to investments the implementation of which begins subsequent to the registration of the application for insurance by the Corporation. Such investments may include:
 - (a) the transfer of foreign exchange made to modernize, expand or develop existing investments,
 - (b) the use of earnings from existing investments which could otherwise be transferred outside the Host Country.
3. Private, public and mixed investments operating on commercial basis shall be eligible for insurance by the Corporation.

Article 18
ELIGIBILITY TO RECEIVE THE CORPORATION'S SERVICES.

1. The following shall be eligible to receive the services of the Corporation
 - (i) the Bank,
 - (ii) any natural person, who is a national of a Member State other than the Host Country, and

- (iii) any juridical person the majority of whose stocks or shares are owned by one or more Members or by a national or nationals of one or more Member States and whose principal office is located in a Member State.
- 2. Subject to the provisions of Articles 16 and 17 hereof and notwithstanding the foregoing, a juridical person may, by a resolution of the Board of Directors, be accepted as a party to an Insurance or Reinsurance Contract even if its principal office is located in a non-Member State, provided that such juridical person is owned, by not less than fifty per cent, by one or more Members or by a national or nationals of one or more Member States or by juridical persons who would, under the provisions of paragraph (1) of this Article, be eligible parties to an Insurance or Reinsurance Contract.
- 3. The Board of Directors may extend eligibility for insurance to a natural person who is a national of the Host Country or a juridical person which is incorporated in the Host Country or the majority of whose capital is owned by its nationals, provided that:
 - a. the request for insurance shall be jointly made by the Host Country and the applicant for insurance,
 - b. the assets that are to be insured are, or will be, transferred from outside the Host Country.
- 4. Where the applicant for insurance has more than one nationality, the nationality of a Member State shall prevail over the nationality of a non-Member, and the nationality of the Host Country shall prevail over the nationality of any other Member State.

Article 19

COVERED RISKS

- 1. The Corporation may cover eligible Export Credits against a loss resulting from one of the following types of commercial risks:
 - a. the insolvency or bankruptcy of the buyer,
 - b. repudiation or termination by the buyer of the purchase contract or his refusal or failure to take delivery of the goods despite the seller's fulfilment of all his obligations towards the buyer,
 - c. refusal of the buyer to pay the purchase price to the seller or his failure to do so despite the seller's fulfilment of all his obligations towards the buyer.
- 2. The Corporation may cover eligible Export Credits, as well as eligible investments against losses resulting from one or more of the non-commercial risks specified below:
 - a. Currency Transfer
any introduction attributable to the government of the Host Country or the Policyholder's Country of restrictions on the transfer outside the Host

Country or the Policyholder's Country of the particular local currency into a freely convertible currency or another currency acceptable to the Policyholder, including the refusal or failure of the government of the Host Country or the Policyholder's Country to act within a reasonable period of time on an application by such Policyholder for such transfer; as well as the imposition by the public authorities of the Host Country or the Policyholder's Country, at the time of transfer, of a rate of exchange which is discriminatory against the Policyholder.

- b. **Expropriation and Similar Measures**
any legislative action or administrative action or omission by the government of the Host Country or the Policyholder's Country, either directly or through an agency, which has the effect of depriving the Policyholder of his ownership or control of his investment or of the goods sold under an Export Credit, or of a substantial benefit relating to the particular investment or the particular goods, with the exception of non-discriminatory measures of general application which governments normally take for the purpose of regulating economic activity in their territories. The measures referred to herein include the revocation by the Host Country of the import licence of the goods, the subject of an Export Credit insured by the Corporation, after the goods have been shipped; the refusal of the Host Country to permit the entry of the goods into its territories; as well as the refusal of the transit of the goods or the confiscation or seizure thereof by a transit country which is a Member of the Corporation.
 - c. **Breach of Contract**
any repudiation or breach by the government of the Host Country or the Policyholder's Country of a contract with the Policyholder, when (a) the Policyholder does not have recourse to a judicial or arbitral forum to determine the claim of repudiation or breach, or (b) a decision by such forum is not rendered within such reasonable period of time as shall be prescribed in the Insurance Contracts pursuant to the Corporation's regulations, or (c) such a decision cannot be enforced; and
 - d. **War and Civil Disturbance**
any military action or civil disturbance in any territory of the Host Country, the Policyholder's Country or a transit country which is a Member of the Corporation.
3. The Board of Directors may approve the extension of coverage to specific commercial and non-commercial risks other than those specified in Paragraphs (1) and (2) of this Article.
 4. In no case shall losses resulting from the following be covered:
 - a. devaluation or depreciation of currency,
 - b. any action or omission by the authorities of the Host Country or the Policyholder's Country to which the Policyholder has agreed or for which he has

been responsible, and

c. any action or omission by the authorities of the Host Country or the Policyholder's Country occurring before the conclusion of the Insurance Contract.

Article 20

INSURANCE AND REINSURANCE CONTRACTS

The Corporation shall prepare the Insurance and Reinsurance Contracts in accordance with the rules and regulations which may, from time to time, be issued by the Board of Directors, provided that the Corporation shall not cover the total insured or reinsured loss.

Article 21

LIMITS OF INSURANCE

1. Unless the Board of Governors shall, by a majority of its Members representing a majority of the voting power of the Members, otherwise decide, the aggregate amount of contingent liabilities which may be assumed by the Corporation shall not exceed one hundred and fifty percent of the amount of the Corporation's unimpaired subscribed capital and its reserves plus such portion of its reinsurance cover as the Board of Directors may determine. The Board of Directors shall, from time to time, review the risk profile of the Corporation's portfolio in the light of its experience with claims, degree of risks diversification, reinsurance cover and other relevant factors with a view to ascertaining whether changes in the maximum aggregate amount of contingent liabilities should be recommended to the Board of Governors. The maximum amount determined by the Board of Governors shall not under any circumstances exceed ten times the amount of the Corporation's unimpaired subscribed capital, its reserves and such portion of its reinsurance cover as may be deemed appropriate.
2. without prejudice to the ceiling of contingent liability referred to in Paragraph(1) of this Article, the Board of Directors may prescribe:
 - a. maximum aggregate amounts of contingent liability which may be assumed by the Corporation under all contracts with a Member or the Policyholders of each individual Member State. The Board of Directors shall determine such maximum amounts in the light of the share of the respective Member in the capital of the Corporation.
 - b. maximum aggregate amounts of contingent liability which may be assumed by the Corporation in respect of any single transaction.

Article 22

FEES AND CONTRIBUTIONS

1. The Corporation shall collect a fee to cover the cost of examining an application for insurance or reinsurance.
2. The Corporation shall establish the rates of contributions, fees and other charges, if any, applicable to each type of risk.

3. The Corporation may, from time to time, review the rates of contributions, fees and other charges.

Article 23
PAYMENT OF CLAIMS

The President of the Corporation shall, in accordance with such general guidelines as may be issued by the Board of Directors, decide on the payment of claims to policyholders in accordance with the provisions of the Insurance or Reinsurance Contract, as the case may be. Insurance and Reinsurance Contracts shall require Policyholders to seek, before payment is made by the Corporation, such administrative remedies as may be appropriate under the circumstances, provided that they are readily available to them under the laws of the Host Country. Insurance and Reinsurance Contracts may require the lapse of certain reasonable periods between the occurrence of events giving rise to claims and payment of claims.

Article 24
SUBROGATION

1. Upon paying or agreeing to pay compensation to a Policyholder in respect of an insured loss, the Corporation shall be subrogated to such rights or claims related to the insured assets as the Policyholder may have consequent upon the materialization of the particular risk. Insurance Contracts shall specify in detail the limits within which the Corporation shall be subrogated to the rights of the Policyholder.
2. The rights of the Corporation pursuant to Paragraph (1) hereof shall be recognized by all Members.
3. In consequence of the subrogation of the Corporation to the rights of a Policyholder pursuant to Paragraph (1) hereof, Host Countries or Countries of the Policyholders, as the case may be, shall as soon as possible discharge to the Corporation their obligations towards the Policyholder and shall, on demand by the Corporation, afford the Corporation all appropriate facilities to benefit from the rights acquired by reason of such subrogation. Without prejudice to the foregoing, amounts in the currency of the Host Country or the Policyholder's Country acquired by the Corporation as subrogee pursuant to Paragraph (1) of this Article shall be accorded, with respect to use and conversion, treatment by the particular country as favourable as the treatment to which such funds would be entitled in the hands of the Policyholder.

Article 25
COOPERATION WITH NATIONAL, REGIONAL AND
INTERNATIONAL INSURANCE AND REINSURANCE ENTITIES

Without prejudice to Article 5 hereof:

1. The Corporation may enter into arrangements with national private and public insurers and reinsurers in Member States to enhance its own operations and encourage such entities to provide coverage of commercial and non-commercial risks on conditions similar to those applied by the Corporation. Such arrangements may include the provision of reinsurance services to such entities by the Corporation.

2. The Corporation may cooperate with similar national, regional or international entities in any manner as may be deemed suitable for the purposes of the Corporation.
3. The Corporation may reinsure with any appropriate reinsurance entity, in whole or in part, any Export Credit or investment insured by it.

CHAPTER IV FINANCIAL PROVISIONS

Article 26 FINANCIAL MANAGEMENT

1. The Board of Directors shall issue financial rules and regulations as may be necessary for the business of the Corporation.
2. The Corporation's financial year shall be the Hijra Year.

Article 27 ACCOUNTS

The Corporation shall publish and circulate to Members an annual report on its accounts audited by independent auditors.

Article 28 FUNDS

1. The Corporation shall maintain and administer two separate Funds:
 - a. a Policyholders' Fund, and
 - b. a Shareholders' Fund.
2. Assets of the Policyholders' Fund shall consist of:
 - a. insurance and reinsurance contributions and collected fees,
 - b. claims received from reinsurance,
 - c. the surplus that may accrue from the operations of the Corporation,
 - d. the reserves established by setting aside part of the surplus referred to in paragraph (c) above,
 - e. the profits realized on the investment of the reserves attributed to the Policyholders' Fund,
 - f. the share of profit on the investment of the Shareholders' Fund accruing to the Policyholders' Fund in its capacity as a Mudarib,
 - g. sums acquired by the Corporation as subrogee upon indemnifying Policyholders,

3. Assets of the Shareholders' Fund shall consist of:
 - a. the paid up capital as well as the reserves attributed to the Shareholders' Fund,
 - b. profits on the investment of the paid up capital and the reserves attributed to the Shareholders' Fund.

Article 29
RESERVES AND ALLOCATION OF NET INCOME

1. The Board of Governors shall allocate all the surplus accruing to the Policyholders' Fund and all the profits accruing to the Shareholders' Fund to reserves until such reserves reach five times the subscribed capital of the Corporation.
2. After the reserves of the Corporation have reached the level prescribed in paragraph (1) above, the Board of Governors shall decide whether and to what extent:
 - a. the surplus accruing to the Policyholders' Fund may be allocated to reserves or distributed to Policyholders,
 - b. the net income accruing to the Shareholders' Fund may be allocated to reserves of the Shareholders' Fund, be distributed to the Members of the Corporation or be used otherwise. Any distribution of the net income to the Corporation's Members shall be made in proportion to the share of each Member in the capital of the Corporation.

Article 30
BUDGET

The President shall prepare and submit the annual budget of the Corporation for approval by the Board of Directors.

Article 31
DETERMINATION OF EXCHANGE RATES & CONVERTIBILITY

1. The determination of exchange rates in terms of the Islamic Dinar or the settlement of any question regarding exchange rates shall be made by the corporation on the basis of the rates declared by the International Monetary Fund.
2. Whenever the need arises under this Agreement to determine whether any currency is freely convertible, such determination shall be made by the Corporation which may consult the International Monetary Fund if it considers this necessary.

Article 32
USE AND CONVERSION OF CURRENCIES

Without prejudice to the provisions of Article 24 hereof:

1. A Member State shall not maintain or impose any restriction on the receipt, holding or use of its currency, or any other currency, on the account of the Corporation.
2. A Member State shall, at the request of the Corporation, facilitate the prompt conversion of its currency held by the Corporation into freely convertible currency on the basis of exchange rates determined for the value date of the conversion in accordance with Article 31.
3. The currencies of non-Member States held by the Corporation shall not be used to purchase the currency of a Member State except in the ordinary course of the Corporation's business, or with the approval of the Member State concerned.
4. A Member State shall impose no restrictions on the remittance of the dues of the Corporation in convertible currency acceptable to the Corporation.

Chapter V
ORGANIZATION AND MANAGEMENT

Article 33
STRUCTURE OF THE CORPORATION

The Corporation shall have a Board of Governors, a Board of Directors, a President, a Manager and such other officers and staff as may be necessary to perform such duties as the Corporation may determine.

Article 34
BOARD OF GOVERNORS: COMPOSITION

1. The Board of Governors shall be composed of the Governors and Alternate Governors of the Bank. The Chairman of the Board of Governors of the Bank shall be the ex-officio Chairman of the Board of Governors of the Corporation.
2. Governors and Alternate Governors shall serve as such without remuneration from the Corporation, but the Corporation may reimburse them for reasonable expenses incurred in attending meetings.

Article 35
BOARD OF GOVERNORS: POWERS

1. All powers of the Corporation shall be vested in the Board of Governors.
2. The Board of Governors may delegate to the Board of Directors any or all its powers, except the power to:
 - a. admit new Members and determine the conditions of their admission,
 - b. increase or decrease the authorized capital stock of the Corporation,
 - c. suspend a Member,

- d. decide appeals from interpretations or applications of this Agreement given by the Board of Directors,
 - e. determine the reserve and the distribution of the net income and surplus of the Corporation,
 - f. amend this Agreement,
 - g. decide to terminate the operations of the Corporation and to distribute its assets,
 - h. determine the remuneration of the Directors,
 - i. exercise such other special powers as are expressly assigned to the Board of Governors in this Agreement.
3. The Board of Governors, and the Board of Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Corporation including rules and regulations pertaining to staff, retirement and other benefits. Until such rules and regulations are adopted, the rules, regulations and By-Laws of the Bank, to the extent they are consistent with the provisions of this Agreement, shall apply to the Corporation as if the same have been adopted by the Board of Governors, or the Board of Directors to the extent authorized, under this Agreement.
 4. The Board of Governors shall retain full power to exercise authority over any matter delegated to the Board of Directors under paragraphs (2) and (3) of this Article.

Article 36
BOARD OF GOVERNORS: PROCEDURE

1. The Board of Governors shall hold an annual meeting and such other meetings as may be deemed necessary by the Board of Governors or called by the Board of Directors. Meetings of the Board of Governors shall be called by the Board of Directors whenever requested by the Bank or by one-third of the Member States.
2. The annual meeting of the Board of Governors of the Corporation shall be held in conjunction with the annual meeting of the Board of Governors of the Bank.
3. A majority of the Governors shall constitute a quorum for any meeting of the Board of Governors of the Corporation provided that such majority represents not less than two-thirds of the total voting power of the Members.
4. The Board of Governors shall by regulation establish a procedure whereby the Board of Directors may, when the latter deems such action advisable, obtain a vote of the Governors on a specific question without calling a meeting of the Board of Governors.

Article 37
BOARD OF DIRECTORS: COMPOSITION

1. The Board of Executive Directors of the Bank shall be the Board of Directors of the

Corporation.

2. All regulations, by-Laws and procedures of the Board of Executive Directors of the Bank shall apply to the Board of Directors of the Corporation as if the latter is the Board of Executive Directors of the Bank.

Article 38

BOARD OF DIRECTORS: POWERS

The Board of Directors shall be responsible for the direction of the general operations of the Corporation and, for this purpose, shall, in addition to the powers assigned to it expressly by this Agreement, exercise all the powers delegated to it by the Board of Governors, and in particular:

- 1) prepare the work of the Board of Governors;
- 2) lay down guidelines for carrying out the business of the Corporation and its operations in conformity with the general directions of the Board of Governors;
- 3) approve the budget of the Corporation.

Article 39

BOARD OF DIRECTORS: PROCEDURE

1. The Board of Directors shall function at the principal office of the Corporation, unless otherwise decided by the Board, and shall meet as often as the business of the Corporation may require.
2. The Board of Governors shall adopt rules and regulations under which, if there is no Director of its nationality, a Member State may send a representative to attend, without right to vote, any meeting of the Board of Directors when a matter particularly affecting that Member State is under consideration.

Article 40

VOTING

1. Each Member shall have one vote for every share subscribed and paid for.
2. In voting in the Board of Governors, each Governor shall be entitled to cast such a proportionate share of the votes of the Bank in the Corporation as shall be equal to the proportion represented by the number of shares in the Bank of the Member State he represents in relation to the total capital stock of the Bank. If a Member of the Bank is also a Member State of the Corporation the Governor representing it shall, in addition to the proportionate share of the Bank's votes determined as above, be entitled to cast the votes which such Member State is entitled to in the Corporation.
3. Except as otherwise expressly provided in this Agreement, all matters before the Board of Governors shall be decided by a majority of the voting power represented at the meeting.

4. Without prejudice to Paragraph (1) of this Article, in voting in the Board of Directors:
 - (a) an appointed Director shall be entitled to cast the votes which the Member State he represents is entitled to in the Corporation. In addition thereto, such Director shall be entitled to cast such a proportionate share of the votes of the Bank in the Corporation as shall be equal to the proportion represented by the number of shares in the Bank of the Member State he represents in relation to the total capital stock of the Bank.
 - (b) an elected Director shall be entitled to cast the votes which the Member States of the Bank he represents are entitled to in the Corporation. In addition thereto, such Director shall be entitled to cast such a proportionate share of the votes of the Bank in the Corporation as shall be equal to the proportion represented by the total number of shares in the Bank of the Member States he represents in relation to the total capital stock of the Bank. Votes which an elected Director is entitled to cast need not be cast as a unit.

Article 41 THE PRESIDENT

1. The President of the Bank shall be ex-officio President of the Corporation.
2. The President shall be the Chief Executive of the Corporation and shall conduct the affairs of the Corporation under the direction of the Board of Directors. The President shall be responsible for the organization, appointment and dismissal of the officers and staff in accordance with rules and regulations adopted by the Board of Directors.
3. The President shall be the legal representative of the Corporation and shall have power to approve the operations of the Corporation and the conclusion of contracts pertaining thereto within the general guidelines issued by the Board of Directors.
4. In appointing the officers and staff in accordance with paragraph (2) hereof, the President shall, subject to the paramount importance of securing the highest standards of efficiency and technical competence, pay due regard to the recruitment of personnel on as wide a geographical basis as possible.
5. Without prejudice to the generality of the foregoing, the President shall appoint a Manager to the Corporation who shall be entrusted with the current business of the Corporation. The President may delegate to the Manager any of the President's powers under this Agreement. The President shall determine the salary and conditions of service of the Manager and may re-appoint him.

Article 42 INTERNATIONAL CHARACTER OF THE CORPORATION AND PROHIBITION OF POLITICAL ACTIVITY

1. The Corporation, its Directors, President, Manager, officers and staff shall not interfere in the political affairs of any Member State. Without prejudice to the right of the Corporation to take into account all the circumstances surrounding an investment or an Export Credit, the Corporation, its Directors, President, Manager, officers and staff shall not be influenced in their decisions by the political character of the Member or Member

States concerned.

2. In the discharge of their duties, the President, Manager, officers and staff of the Corporation shall owe their duty entirely to the Corporation and to no other authority. Each Member of the Corporation shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

Article 43

CHANNEL OF COMMUNICATION AND DEPOSITORIES

Unless new channels of communication and new depositories are indicated by Member States within 60 days from the coming into force of this Agreement, the channel of communication and depository designated by each Member State for the purpose of Article 40 of the Articles of Agreement establishing the Bank will, respectively, be deemed to be the channel of communication in connection with any matter arising under this Agreement and the depository for keeping the holdings of the Corporation of the currency of that Member State as well as other assets of the Corporation.

Article 44

STATEMENTS AND REPORTS

1. The Corporation shall transmit to its Members quarterly statements showing the result of its Operations.
2. The Corporation may also publish such other reports as it deems desirable in the carrying out of its purpose and functions. Such reports shall be transmitted to the Members.

Chapter VI

WITHDRAWAL AND SUSPENSION OF MEMBERS, TEMPORARY SUSPENSION AND TERMINATION OF OPERATIONS OF THE CORPORATION

Article 45

WITHDRAWAL

1. No Member State shall have the right to withdraw from the Corporation before the expiry of a period of five (5) years from the date of its membership.
2. Subject to paragraph (1) of this Article, any Member State may withdraw from the Corporation by delivering a notice in writing to the Corporation.
3. Subject to paragraph (1) of this Article, withdrawal by a Member State shall become effective and its membership shall cease on the date specified in its notice but in no event less than six (6) months after the date that notice has been received by the Corporation. However, at any time before the withdrawal becomes effective, the Member State may notify the Corporation in writing of the cancellation of its notice of intention to withdraw.
4. A withdrawing Member State shall remain liable for all direct and contingent obligations to the Corporation to which it was subject at the date its withdrawal becomes effective. The withdrawing Member State shall also continue to be subject to those terms of this

Agreement which, in the opinion of the Corporation, affect the Corporation's investments in the territories of that Member State until arrangements satisfactory to the Corporation concerning such investments are concluded between the Corporation and that Member State. When the withdrawal becomes effective, the Member State shall not incur any liability for obligations resulting from operations of the Corporation effected after that date.

5. Any Member State that ceases to be a member of the Organization shall be deemed to have given a notice to withdraw from the membership of the Corporation under the provisions of this Article. The date when withdrawal becomes finally effective shall be determined by the Board of Governors subject to paragraph (1) of this Article.

Article 46 SUSPENSION OF MEMBERSHIP

1. If a Member State fails to fulfill any of its obligations to the Corporation, the Board of Governors may suspend such Member State by a vote, representing not less than three-fourths of the total voting power of the Members.
2. The Member State so suspended shall automatically cease to be a Member of the Corporation on the expiry of a period of one year from the date of its suspension, which period may be extended as deemed necessary by the Board of Governors, unless the Board of Governors, during such period, decides by the same majority necessary for suspension to restore the Member State to good standing.
3. While under suspension, a Member State shall not be entitled to exercise any rights under this Agreement but shall remain subject to all its obligations.

Article 47 SETTLEMENT OF ACCOUNTS ON CESSATION OF MEMBERSHIP

1. After the date on which a State ceases to be a Member, it shall remain liable for its direct obligations to the Corporation incurred as of that date. It shall also remain responsible for its contingent liabilities to the Corporation so long as any part of the operations carried out before it ceases to be a Member is outstanding but it shall not incur liabilities with respect to operations carried out thereafter by the Corporation nor share in the income or the expenses of the Corporation.
2. At the time a State ceases to be a Member, the Corporation shall arrange for the repurchase of the shares of such a State as a part of the settlement of accounts with such a State in accordance with the provisions of paragraphs (3) and (4) of this Article. For this purpose, the repurchase price of the shares shall be the book value of such shares on the date the State ceases to be a Member.
3. The payment of shares repurchased by the Corporation under this Article shall be governed by the following conditions:
 - a. any amount due to the Member State concerned for its shares shall be withheld so long as that Member State, its central bank or any of its agencies, instrumentalities or

political subdivisions has outstanding obligations to the Corporation. Any amount due to such Member State may, at the option of the Corporation, be applied to any liability of such Member State as it matures;

b. the net amount, equal to the excess of the repurchase price for shares (in accordance with Paragraph (2) of this Article) over the aggregate amount of liabilities of the Member State concerned to the Corporation, shall be payable within a period not exceeding five (5) years, as may be determined by the Corporation, upon transfer of the ownership of the corresponding stock by the Member State concerned;

c. payments shall be made in freely convertible currency; and

d. if losses are sustained by the Corporation insurance or reinsurance operations which were outstanding on the date when a Member State ceased to be a Member and the amount of such losses exceeds the amount of the reserve provided against losses on that date, the Member State concerned shall repay, upon demand, the amount by which the repurchase price of its shares would have been reduced if the losses had been taken into account when the repurchase price was determined.

4. If the Corporation terminates its operations pursuant to Article 49 of this Agreement within six (6) months of the date upon which any Member State ceases to be a Member, all rights of the Member State concerned shall be determined in accordance with the provisions of Articles 49 and 51 hereof. Such Member State shall be considered a Member for purposes of such Articles but shall have no voting rights.

Article 48

TEMPORARY SUSPENSION OF OPERATIONS

1. The Board of Directors may, whenever it deems it justified, suspend the provision of insurance or reinsurance services for a specified period.
2. In an emergency, the Board of Directors may suspend all activities of the Corporation for a period not exceeding the duration of such emergency, provided that necessary arrangements shall be made for the protection of the interests of the Corporation and of third parties.
3. The decision to suspend operations shall have no effect on the obligations of the Members under this Agreement or on the obligations of the Corporation towards Policyholders or third parties.

Article 49

TERMINATION OF OPERATIONS

1. The Corporation may terminate its operations by a resolution of the Board of Governors approved by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the Members. After such termination, the Corporation shall forthwith cease all activities, except those incident to the orderly realization, conservation and preservation of its assets and settlement of its obligations.
2. Until final settlement of such obligations and distribution of assets, the Corporation shall

remain in existence and all mutual rights and obligations of the corporation and its Members shall continue unimpaired.

Article 50
LIABILITY OF MEMBERS AND PAYMENT OF CLAIMS

1. In the event of termination of the Operations of the Corporation the liability of all Member States for the uncalled subscription to the capital stock of the Corporation shall continue until all claims of creditors and Policyholders including contingent claims, shall have been discharged.
2. In the event of termination of the operations of the Corporation:
 - (a) debts attributable to the Shareholders' Fund shall be paid out of the assets of the Shareholders' Fund. If such assets shall fall short of settling such debts, the same shall be paid out of the payments accruing to the Corporation on unpaid callable subscriptions.
 - (b) debts attributable to the Policyholders' Fund shall be paid out first from the assets of the Policyholders' Fund. After the said debts are so repaid, the claims of the Policyholders shall next be met. If the assets of the Policyholders' Fund shall fall short of meeting the said claims, the same shall be met out of the Shareholders' Fund. If the assets of the Shareholders' Fund shall be insufficient to settle such claims, the same shall be settled out of the payments accruing to the Corporation on unpaid callable subscriptions provided that such settlement shall be made by way of non-refundable contribution.
 - (c) if the assets shall be insufficient to settle the debts or pay out the Policyholders' claims, the available assets shall be distributed between creditors and Policyholders pro rata.

Article 51
DISTRIBUTION OF ASSETS

1. If after the settlement of debts and Policyholders' claims any assets shall remain in the Policyholders' Fund, such assets shall be disbursed for charitable purposes.
2. If after the settlement of debts and Policyholders' claims any assets shall remain in the Shareholders' Fund, such assets shall be distributed to the Members of the Corporation in the proportion to the paid up capital stock held by each Member. Such distribution must be approved by the Board of Governors by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the Members.
3. Any Member receiving assets distributed pursuant to this Article shall enjoy the same rights with respect such assets as the Corporation enjoyed prior to the distribution.

Chapter VII
IMMUNITIES, EXEMPTIONS AND PRIVILEGES

IMMUNITIES OF THE CORPORATION

Article 52

To enable the Corporation to fulfill its purpose and carry out the functions entrusted to it, the Corporation, its Governors, alternate Governors, Directors, President, Manager, officers, assets, archives and communications shall, in the territory of each Member State, be accorded all the corresponding immunities, exemptions and privileges provided for in Articles 53, 54, 55, 56, 57, 58 and 59 of the Articles of Agreement establishing the Bank.

Article 53

IMMUNITY OF ASSETS

1. Without prejudice to the provisions of Article 54 hereof, the property and assets of the Corporation shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.
2. To the extent necessary to carry out its operations under this Agreement, all property and assets of the Corporation shall be free from restrictions, regulations, controls and moratoria of any nature; provided that property and assets acquired by the Corporation as successor to or subrogee of a Policyholder shall be free from applicable foreign exchange restrictions, regulations and controls in force in the territories of the Member State concerned to the extent that the Policyholder to whom the Corporation was subrogated was entitled to such treatment.

Article 54

LEGAL PROCESS

Actions other than those within the scope of Article 59 may be brought against the Corporation only in a court of competent jurisdiction in the territories of a Member State in which the Corporation has an office or has appointed an agent for the purpose of accepting service or notice of process. No such action against the Corporation shall be brought (i) by Members or persons acting for or deriving claims from Members or (ii) in respect of personnel matters. The property and assets of the Corporation, wherever located and by whomsoever held, shall be accorded the immunities provided for in Articles 52 and 53 hereof until the delivery of the final judgment or award against the Corporation.

Article 55

IMPLEMENTATION

Each Member State, in accordance with its Juridical system, shall promptly take such action as is necessary to make effective in its own territory the provisions set forth in this Chapter and shall inform the Corporation of the action that it has taken on the matter.

Article 56

WAIVER OF IMMUNITIES, EXEMPTIONS AND PRIVILEGES

The Corporation, at its discretion, may waive any of the privileges, immunities and exemptions conferred under this Chapter in any case or instance, in such manner and upon such conditions as it may determine to be appropriate in its best interest.

CHAPTER VIII
AMENDMENTS, INTERPRETATION, ARBITRATION

Article 57
AMENDMENTS

1. This Agreement may be amended by a resolution of the Board of Governors approved by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the Members.
2. Notwithstanding the provisions of paragraph (1) of this Article, the unanimous agreement of the Board of Governors shall be required for the approval of any amendment modifying:
 - a) the right to withdraw from the Corporation;
 - b) the limitations on liability provided in Paragraphs (2) and (3) of Article 12; and
 - c) the rights pertaining to purchase of capital stock provided in paragraph (5) of Article 9.
3. Any proposal to amend this Agreement, whether emanating from a Member or from the Board of Directors, shall be communicated to the Chairman of the Board of Governors who shall bring the proposal before the Board of Governors. When an amendment has been adopted, the Corporation shall so certify in an official communication addressed to all Members. Amendments shall enter into force for all Members three (3) months after the date of the official communication unless the Board of Governors specifies therein a different period.
4. No amendment which may affect the Corporation's adherence to Shariah shall be made.

Article 58
LANGUAGES, INTERPRETATION AND APPLICATION

1. The official language of the Corporation shall be Arabic. In addition, English and French shall be working languages. The Arabic text of this Agreement shall be regarded as the authentic text for both interpretation and application.
2. Any question of interpretation or application of the provisions of this Agreement arising between any Member and the Corporation or between two or more Members of the Corporation, shall be submitted to the Board of Directors for decision. If there is no Director of the nationality of the Member State concerned, Paragraph (2) of Article 39 shall be applicable.
3. Any Member may require, within six (6) months of the date of the decision under Paragraph (2) of this Article, that the question be referred to the Board of Governors, whose decision shall be final. Pending the decision of the Board of Governors, the Corporation may, so far as it deems it necessary, act on the basis of the decision of the Board of Directors.

Article 59
ARBITRATION

1. If a disagreement shall arise between the Corporation and a State that has ceased to be a Member, or between the Corporation and any Member, after adoption of a resolution to terminate the operations of the Corporation, or between the Corporation and a Member State concerning claims by the Corporation acting as subrogee of a Policyholder, or between the Corporation and a Member on any other matter, other than the matters covered by Paragraph (2) of Article 58 hereof, such disagreement shall be settled amicably. If no amicable settlement can be reached, such disagreement shall be submitted to arbitration by a tribunal of three (3) arbitrators. One of the arbitrators shall be appointed by the Corporation; another by the party concerned, and the third arbitrator shall be appointed by the Secretary General of the Organization. A majority vote of the arbitrators shall be sufficient to reach a decision which shall be final and binding upon the parties. The third arbitrator shall be empowered to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.
2. Any dispute arising under an Insurance or Reinsurance Contract by the parties thereto shall be submitted to arbitration for final determination in accordance with such rules as shall be provided for or referred to in the particular contract.

Article 60
APPROVAL DEEMED GIVEN

Whenever the approval of any Member is required before any act may be done by the Corporation, approval shall be deemed have been given unless the Member presents an objection within such reasonable period as the Corporation may fix in notifying the Member of the proposed act.

CHAPTER IX
FINAL PROVISIONS

Article 61
SIGNATURE AND DEPOSIT

1. The original of this Agreement in a single copy in the Arabic, English and French languages shall remain open for signature until 15th Sha'ban 1413H/February 6th 1993 at the Headquarters of the Bank by the Bank and Governments of States listed in Annexure-A to this Agreement. This document shall be deposited at the principal office of the Corporation upon its establishment.
2. The Bank shall send certified copies of this Agreement to all the signatories and other States which become Members of the Corporation.

Article 62
RATIFICATION OR ACCEPTANCE AND EFFECT THEREOF

1. This Agreement shall be subject to ratification or acceptance by the Bank and the States parties to it. Instruments of ratification or acceptance shall be deposited with the Bank which shall duly notify the other parties of each deposit and the date thereof.
2. By ratifying or accepting this Agreement the particular Member State shall be deemed to have authorized the Corporation, at all times, to provide in the territories of that Member State, insurance and reinsurance services in accordance with the provisions hereof.

Article 63
ENTRY INTO FORCE

This Agreement shall come into force when instruments of ratification or acceptance shall have been deposited by Member States whose subscriptions in the aggregate comprise not less than Islamic Dinars Twenty-Five Million (ID.25,000,000/-).

Article 64
COMMENCEMENT OF OPERATIONS

1. At its inaugural meeting, the Board of Governors shall make arrangements for the determination of the date on which the Corporation shall commence its operations.
2. The Corporation shall notify its Members of the date of the commencement of its operations.

DONE in Tripoli, Great Socialist People's Libyan Arab Jamahiriya, this 15th day of Sha'ban 1412H, corresponding to the 19th day of February, 1992.

* * *