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BID BOND RECOURSE CONTRACT

Code :
Policy number :
Effective Date :
End Date :
Beneficiary :

Between the undersigned:

On one part, **PRIME INSURANCE LTD**, BP 2753 Kigali, herein referred to as the “**INSURER**” and on the other part, herein referred to as the “**INSURED**”

It is agreed as follows:

ARTICLE 1: OBJECT OF THE CONTRACT

Under the terms provided in this contract, **PRIME INSURANCE LTD** expresses its surety to and, hence, hereby irrevocably and independently assumes guarantee of payment of the amount of maximum required of the insured as collateral.

ARTICLE 2: RECOURSE CLAUSE

The **INSURED**, notwithstanding any other guarantee that would have been provided by **PRIME INSURANCE LTD**, will reimburse any amount that **PRIME INSURANCE LTD** would have paid to the principal within the limit of this bond contract.

ARTICLE 3: THE OBLIGATION OF THE INSURED

a) The **INSURED** shall:

- Inform the insurer of any dispute (s) with the principal and inform the insurer of any complaints that would be filed against them;
- Provide the "insurer" its periodic statements and notes related to the work under this contract; Report to the Headquarters of **PRIME INSURANCE LTD** within 48 hours in case sends them a notice or a letter of termination of the contract or a letter appealing to the deposit of the amount secured by **PRIME INSURANCE LTD**;

ARTICLE 4 : TERMINATION

This contract may be terminated in case of bankruptcy or liquidation proceedings with notice by registered letter.

The **INSURER** may terminate the contract whenever it is necessary or that it deems the insured risk to be unacceptable.

The cancellation takes effect on the date of receipt of the notification of either parties. **ARTICLE 5: PREMIUM BREAKDOWN**

Net premium :

Fees :.....
VAT :.....
Total Premium:.....

ARTICLE 6: VALIDITY OF THE CONTRACT

The contract is only valid when the total premium is fully paid to the INSURER and for a period of starting from/...../20 and ending on/...../20. It can, however, be extended upon payment of additional premium as stipulated by the INSURER.

ARTICLE 7: REQUIREMENTS FOR THIS GUARANTEE

- Letter
- Final Notification
- Signed counter indemnity

ARTICLE 8: BREACH OF CONTRACT CLAUSES

- i. The Contractor breaches the contract when fails to comply with the terms and condition stipulated in the client’s contract.
- ii. The contractor will be notified immediately once the insurer receive the recall of the guarantee.

The contractor shall fulfil his duties and obligation in accordance with the supply contract with If the insured fails to comply with the provision of this agreement within the period of 30 days, he will be liable for late payment interest of 1% per day.

ARTICLE 10: FRAUD CLAUSE

It is hereby agreed and understood that if the claim be in any respect fraudulent, or if any false declaration be made or used in support thereof, or if any fraudulent means or devices are used by the Insured or any one acting on his behalf to obtain any benefit under this Policy; or if the loss or damage be occasioned by the willful act, or with the connivance of the Insured; or if the claim be made and rejected and an action or suit be not commenced within three months after such rejection, or within one month after the court has made its ruling, all benefit under this Policy shall be forfeited.

ARTICLE 11: GOVERNING LAW AND DISPUTE RESOLUTION

This guarantee is governed by and construed in accordance with the laws of Republic of Rwanda. Should any dispute, claim or controversy arise between the parties concerning this guarantee, the parties shall attempt to resolve the dispute amicably by negotiation. In the event that the parties fail to resolve the dispute amicably by negotiation the matter shall be submitted to a competent court of the Republic of Rwanda.

Done at Kigali on/...../20

INSURED:
.....

INSURER:
PRIME INSURANCE LTD