



# ***25-Year Product Warranty***

## ***February 2015***

# Key Features

- Designed by PowerGuard, an insurance broker specializing in the design of unique insurance and risk management solutions for energy companies
- Insurance policy period: 1<sup>st</sup> January 2015 to 1<sup>st</sup> January 2016
- Covers BYD modules sold and reported within the policy period for 25 years following the start date, subject to a \$100,000,000 Sales Volume Limitation (the value of panels eligible for coverage)
- Insurance purchased through PowerGuard and insured by 2 reputable insurers for enhanced bankability:
  - International Insurance Co of Hannover SE - AM Best Rating: A+ XV. [www.inter-hannover.com](http://www.inter-hannover.com)
  - RSUI Indemnity Co- AM Best Rating: A+ XIII. [www.rsui.com](http://www.rsui.com)
  - *A.M. Best ratings are the references to an insurer's financial strength and ability to meet ongoing obligations to policyholders. A.M. Best Company is a worldwide insurance-rating and information agency with more than 100 years of history.*

# *Warranty Coverage Highlights*

- Full 25 Years Coverage
- Immediate Coverage (NO Waiting Periods)
- Worldwide Coverage
- Non-Cancellable Policies
- Helps to meet banks and lenders requirements
- 3<sup>rd</sup> party Bankruptcy rights
- Based on BYD 's warranty statement
- A.M. Best Rating of "A" XIII
- Design Defect coverage
- Third Party Components Covered
- Online Verification System

# *Third Party Bankruptcy Rights*

- This insurance program is non-cancellable by the insurer for 25 years and provides third-party bankruptcy rights.
- This means that if BYD ceases to exist after sale and proper registration of covered modules, BYD's insurers must continue to compensate BYD's Warranty Holders\* for warranty claims against covered and reported modules for product quality and/or performance.
- Customers do not need to work through the Bankruptcy Trustees
- In the unlikely event of BYD's insolvency, BYD's Warranty Holders can file claims subject to policies' terms, conditions, self-insured retentions and exclusions
- Insurance companies must continue to pay BYD's customer for valid losses

\*Warranty Holder is defined as any individual that is qualified to make a demand for remedy of damage in accordance with BYD's warranty statement

# ***Third Party Bankruptcy Rights***

## 6. Bankruptcy

Your “Bankruptcy” shall not relieve us of our obligations under this “Policy”. In the event of your “Bankruptcy”, your “Warranty Holder” shall have the same rights and obligations under this “Policy” that you have. Under no circumstances shall we:

- a) Have any liability to the “Warranty Holder” beyond that which we would have had to you but for your bankruptcy;
- b) Be deemed to have assumed any obligations under the “Covered Warranty”;  
or
- c) Have any liability to the “Warranty Holder” within the “Self-Insured Retention” amount. Each “Claim” made pursuant to this Condition E.6 is subject to a separate “Self-Insured Retention”, regardless of any aggregate “Self-Insured Retention” that may be part of this “Policy”.

*\*Taken verbatim from the 2015 PowerGuard Policy Form as purchased by BYD*

# ***BYD's Covered Warranty Statement***

- Limited Warranty of Material and Workmanship
  - 144 months for material and workmanship under BYD's statement
  - Warranty policy will only cover the first 120 months (10 years)
  - BYD is fully responsible for remaining months
- Limited Warranty of Output Power for 25 years
  - Within 1 year output will be at least 97.5%
  - During the next 24 years the degradation will be no more than .73% per year
  - At the end of the warranty period the output will be at least 80%

# *Coverage of the Insurance*

- The insurance company will pay for loss incurred:
  - To repair or replace, damage modules arising from a product defect or underperformance on an **actual cash value basis**
  - It is in accordance with the guarantees contained in BYD's covered warranty
  - Under no circumstances shall the coverage afforded by this policy exceed BYD's Covered Warranty Terms
- Only modules sold and reported during the insurance policy period are eligible for program participation
- Up to \$100,000,000 worth of panels are eligible

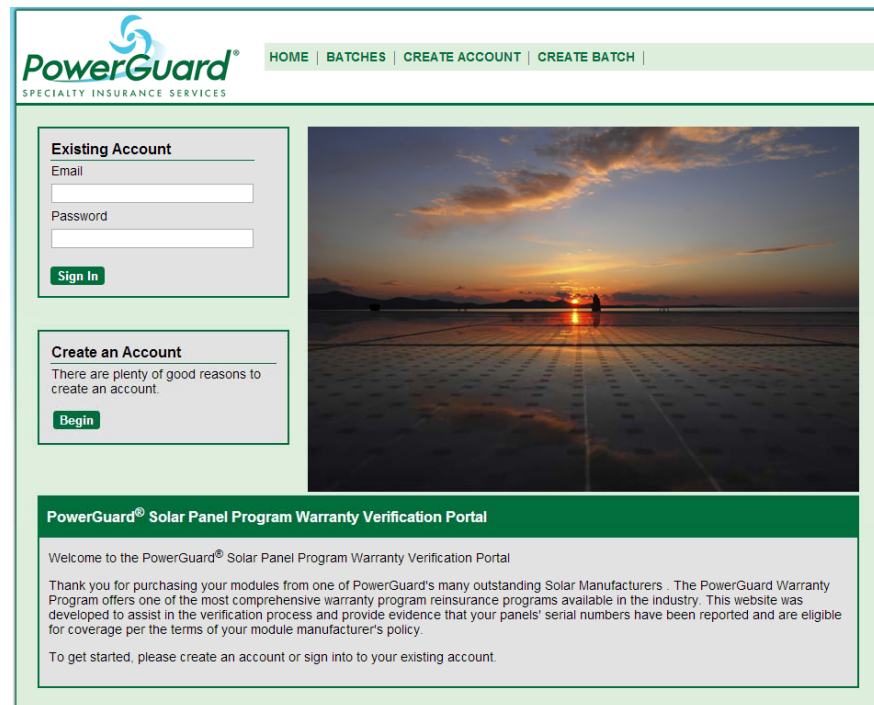
# Insurance Companies

Warranty Period of Coverage: Years 1 through 10	International Insurance Company of Hannover SE A.M. Best Rating <sup>1</sup> "A+" XV
Aggregate Limit of Liability for Defects and Performance	\$2,000,000
Warranty Period of Coverage: Years 11 through 25	RSUI Indemnity Company A.M. Best Rating <sup>1</sup> "A+" XIII
Aggregate Limit of Liability for Performance	\$1,000,000



# PowerGuard's Panel Verification Website

PowerGuard has implemented an online verification system in which Warranty Holders may verify if the serial numbers of panels is eligible for participation in the warranty insurance program. [PowerguardSNVerify.com](http://PowerguardSNVerify.com)



The screenshot shows the PowerGuard website interface. At the top left is the PowerGuard logo with the tagline 'SPECIALTY INSURANCE SERVICES'. To the right of the logo is a navigation menu with links for 'HOME', 'BATCHES', 'CREATE ACCOUNT', and 'CREATE BATCH'. Below the navigation menu, there are two main sections: 'Existing Account' and 'Create an Account'. The 'Existing Account' section contains input fields for 'Email' and 'Password', and a 'Sign In' button. The 'Create an Account' section contains a 'Begin' button. To the right of these sections is a large image of a sunset over a field of solar panels. Below the image is a green header for 'PowerGuard® Solar Panel Program Warranty Verification Portal'. The main content area below the header contains a welcome message and instructions for users.

**Existing Account**  
Email  
  
Password  
  
**Sign In**

**Create an Account**  
There are plenty of good reasons to create an account.  
**Begin**

**PowerGuard® Solar Panel Program Warranty Verification Portal**

Welcome to the PowerGuard® Solar Panel Program Warranty Verification Portal

Thank you for purchasing your modules from one of PowerGuard's many outstanding Solar Manufacturers. The PowerGuard Warranty Program offers one of the most comprehensive warranty program reinsurance programs available in the industry. This website was developed to assist in the verification process and provide evidence that your panels' serial numbers have been reported and are eligible for coverage per the terms of your module manufacturer's policy.

To get started, please create an account or sign into to your existing account.

# PowerGuard's Panel Verification Website

**PowerGuard**  
SPECIALTY INSURANCE SERVICES

**Searched SN**

CAAD512038001	●
CAAD312020689	●
CAAD312020694	●
CAAD312020705	●
CAAD312020706	●
CAAD312020720	●
CAAD865102400	●

Your batch contained **7** panels.  
**1** panels went unmatched.  
Batch Started 2/8/2013 6:31:29 PM  
Batch Completed 2/8/2013 6:32:24 PM  
04e8c027-223c-4430-8b1f-a3b513aab03f

**Print**

If your search resulted in any unmatched records, possible reasons for an invalid match could be:

- Double check your serial number (s) to ensure accuracy;
- If the panels were recently purchased they may not have been reported by the OEM to PowerGuard. Please allow at least 90 days;
- If you believe the result to be in error, please contact your OEM to ensure that they have reported your panels;
- If the panels have been reported by your OEM and are still not in our database, please contact us at report@powerguardins.com

Click the **PRINT** button below the list in order to print a record of your search results. Powerguard maintains a record of your search as well for verification.

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File Edit Format View Help

Results of valid or invalid serial number are shown for each batch.

Each batch is logged and retained with an unique number to avoid any manipulation of the system.

# PowerGuard's Panel Verification Website

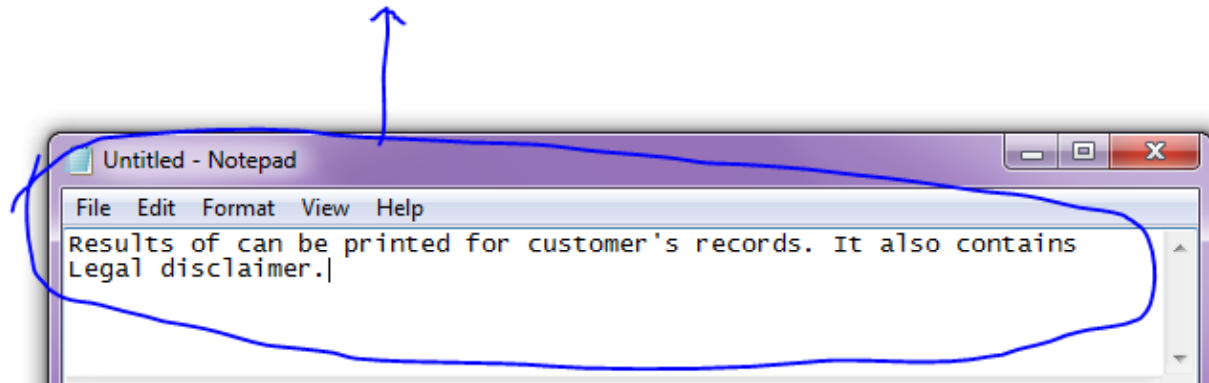
2/8/13

PG



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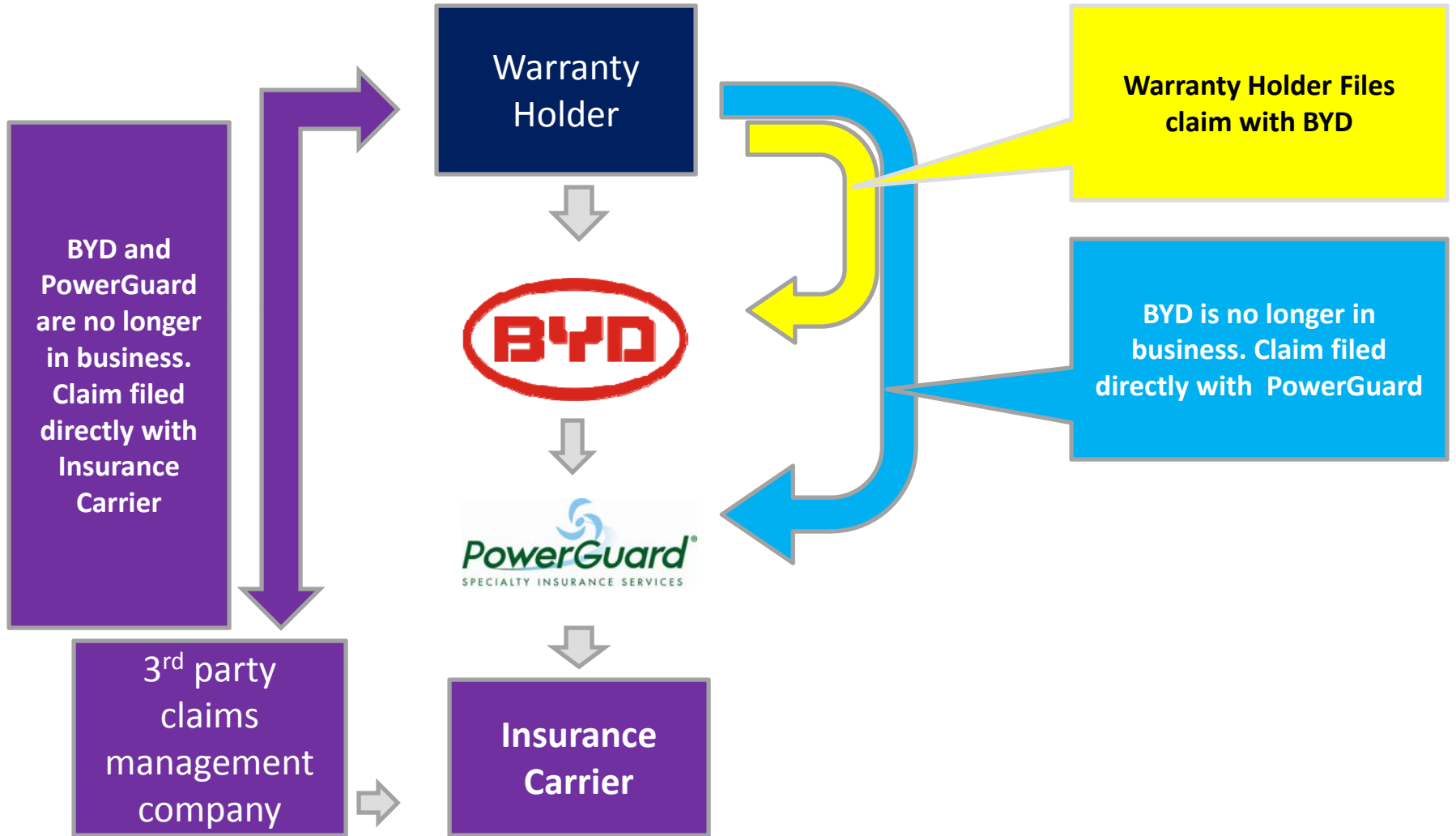
The PV modules you searched have been reported to PowerGuard® and the modules are eligible for warranty coverage. Warranty coverage is set by the terms of the OEM Warranty and the insurance policy. This certificate verifies the reporting of the PV panel to Powerguard but in itself does not guarantee warranty coverage. Powerguard maintains records of batch searches and results of any printed certificate are subject to verification against Powerguard's official database results.



# Warranty Claims Reporting

- **Payment of claim may not be required nor shall action lie against the insurance company until:**
  - **BYD or Warranty Holders (in the event that BYD is insolvent)** has fully complied with all the terms of this policy.
  - **BYD or Warranty Holders (in the event that BYD is insolvent)** has demonstrated that it has or that it will incur losses as evidenced by contracts, loan agreements, qualified estimates or invoices, to repair or replace damaged Covered Solar Energy Collection Equipment with equipment or parts in an amount that is in excess of the Self Insured Retention.
  - The repairs or replacements covered hereunder have been substantially undertaken.
- The claim must be valid as per BYD warranty terms and satisfy BYD's RMA procedures including satisfactory proof of defect and third party test reports
- The modules must be sold during the policy period and its serial numbers must have been reported to the insurance companies
- **Claims may be adjusted by an independent claims adjustment company appointed by the insurance company and in accordance with the terms of the Policy.**
- ***In the event of any loss or damage that may lead to a possible claim, BYD or Warranty Holders (in the event that BYD is insolvent) shall***
  - As soon as reasonably practicable notify PowerGuard and the insurance company in writing and send written Notice of Claim after the loss or damage.
  - Take all reasonable steps to preserve and salvage the Covered Solar Energy Collection Equipment insured and to minimize the loss.
  - Control all necessary repairs, provided however that such repairs are performed in a proper, reasonable and economical manner.

# Claims Process



# Notable Definitions

- **Actual Cash Value** : Means the price at the time of purchase of covered solar Energy Collection Equipment reduced by an amount equal to 4% of that price per each 365 day period following the date of purchase until the conclusion of the twenty-fifth period or replacement cost, whichever is less.
- **Aggregate Limit of Liability**: is the maximum amount payable by the insurance company for all insurable losses
- **Claim**: Means a demand make for payment for loss under this policy.
- **Covered Solar Energy Collection Equipment** :
  - **Includes** : photovoltaic cells, panels and modules that are sold during the Policy Period and for which BYD has filed serial numbers with insurance company.
  - **Does not include** : foundation, support apparatus or footings; cabinet, compartment, conduit or ductwork; vehicle or any equipment mounted on a vehicle; low-voltage or high-voltage cables, wires or lines and related equipment carrying electricity from the covered solar energy collection equipment to points external of the covered solar energy collection equipment or data.

## ***Notable Definitions***

- ***Covered Warranty***: means a warranty issued to a Warranty Holder during the Policy Period and accepted by the insurer in writing.
- ***Loss***: means the amounts incurred in the fulfillment of your Covered Warranty that arises from a valid demand for remedy made to you
- ***Product Defect*** : means a unit or a part of a component that breaks; ceases to perform the function; fails to conform to technical specifications; is not produced in any material respect in accordance with technical specification; or is not free of defect in material or workmanship.

# ***Notable Exclusions of the Insurance***

- Any loss arising from a warranty that has not been accepted by the insurance companies
- Any loss arising from direct physical damage
- Any liability for bodily injury and property damage
- Consequential or incidental loss of any kind (loss of revenue, etc)
- Any loss or damage arising from those events specifically excluded under your covered warranty
- Any loss or damage arising from the interruption of service from any covered solar energy collection equipment, such as unavailability or delay of replacement parts, service or servicing equipment.
- Any loss or damage or expense arising from a willful, tort, or wrongful act, or negligence.
- Any loss where the defect was known to you prior to the sales of the module
- Other exclusions are listed in the insurance policies.





*Thank you !*

