

Trade Credit

XOL Policy



Allianz World Policy - Trade Credit Insurance

Important customer information

Welcome to Allianz World Policy - Trade Credit Insurance.

About Allianz

The insurer of this product is Allianz Australia Insurance Limited ("Allianz") (ABN 15 000 122 850), AFS Licence No. 234708, of 2 Market Street, Sydney, NSW, 2000. In this document, unless otherwise stated, Allianz is called 'We' or 'Our' or 'Us'.

About Euler Australia Pty Limited.

Euler Australia Pty Limited ("Euler Hermes") (ABN 45 109 696 728 AFS Authorised Representative No. 303 418 of Suite 1403, 2 Market Street, Sydney, NSW 2000, GPO. Box 3692, Sydney, NSW 2001, Tel: +612 8258 5108, Fax: +612 8258 5060) is authorised by Us (the insurer Allianz Australia Insurance Limited) to arrange, issue, vary and dispose of this insurance on Our behalf under a binding arrangement We have with them.

Contact and Notification Details

All correspondence relating to the **Policy** must be sent to: Euler Hermes Australia Pty Limited, GPO Box 3692, Sydney, NSW 2001, Australia. Written notices sent by Us to the Insured may be sent by facsimile or mail. Notices sent by facsimile will be effective on confirmation of successful transmission being obtained by the sender.

About this Insurance

When We agree to insure You (the Insured), We do so based on the information provided to Us by You or on Your behalf and subject to payment of the required premium. We insure You in accordance with the terms and conditions of Your **Policy**. Your **Policy** consists of this document and any endorsement, specification, attachment or memoranda affixed (or intended to be affixed) to it, Your **Special Terms** and **Proposal**. All of them should be read as if they were one document. Special Definitions apply which are set out in the Definitions Section. We only cover those parties shown in Your **Special Terms** unless otherwise stated in the **Policy** as being a person or entity entitled to cover. We cover You for the Policy Period and do not pay more than the credit limits shown in the **Policy**. It is important You read this document and the other documents that make up Your **Policy** carefully to ensure that You have appropriate protection. Keep Your **Policy** in a safe place and ensure You read the following important Duty of Disclosure and Privacy information.

Your duty of disclosure

Before you enter into a contract of general insurance with us, you have a duty, under the Insurance Contracts Act 1984, to disclose to us every matter that you know, or could reasonably be expected to know, is relevant to our decision whether to accept the risk of the insurance and, if so, on what terms.

You have the same duty to disclose those matters to us before you renew, extend, vary or reinstate a contract of general insurance.

This duty of disclosure applies until the contract is entered into (or renewed, extended, varied or reinstated as applicable).

Your duty however does not require disclosure of any matter:

- o that diminishes the risk to be undertaken by us; or

- o that is of common knowledge; or
- o that we know or, in the ordinary course of our business as an insurer, ought to know;
- OR
- o as to which compliance with your duty is waived by us.

Non-disclosure

If you fail to comply with your duty of disclosure, we may be entitled to reduce our liability under the contract in respect of a claim, cancel the contract, or both.

If your non-disclosure is fraudulent, we may also have the option of avoiding the contract from its beginning.

Privacy Act 1988 – Information

Privacy Notice

This document sets out how we use, collect and disclose personal information about you. It replaces any information about privacy in the insurance documentation we have previously provided to you. Further information is in our Privacy Policy available at <http://www.oceania.eulerhermes.com/en/euler-hermes/legal.html>.

In Australia, Euler Hermes provides trade-related credit insurance solutions as agent of the insurer Allianz.

At Allianz and Euler Hermes, we give priority to protecting the privacy of your personal information. We do this by handling personal information in a responsible manner and in accordance with the Privacy Act 1988 (Cth).

How We Collect Your Personal Information

We usually collect your personal information from you, your creditors and mercantile agents. We may also collect it from our agents and service providers; other insurers and insurance reference bureaus; people who are involved in a claim or assist us in investigating or processing claims, including third parties claiming under your **Policy**, witnesses and medical practitioners; third parties who may be arranging insurance cover for a group that you are a part of; law enforcement, dispute resolution, statutory and regulatory bodies; marketing lists and industry databases; and publicly available sources.

Why We Collect Your Personal Information

We collect your personal information to enable us to provide our products and services, including to process and settle claims; offer our products and services and those of our related companies, brokers, intermediaries and business partners that may interest you; and conduct market or customer research to determine those products or services that may suit you.

Who We Disclose Your Personal Information To

We may disclose your personal information to others with whom we have business arrangements for the purposes listed in the paragraph above or to enable them to offer their products and services to you. These parties may include our related body corporates, insurers, intermediaries, reinsurers, insurance reference bureaus, related companies, our

advisers, persons involved in claims, external claims data collectors and verifiers, parties that we have an insurance scheme in place with under which you purchased your **Policy** and investigators and recovery agents. Disclosure may also be made to government, law enforcement, dispute resolution, statutory or regulatory bodies, or as required by law.

Disclosure Overseas

Your personal information may be disclosed to other companies in the Allianz and Euler Hermes Groups, business partners, reinsurers and service providers that may be located in Australia or overseas. The countries to which this information may be disclosed will vary from time to time, but may include Canada, Germany, New Zealand, United Kingdom, United States of America, France and other countries in which the Allianz and Euler Hermes Groups have a presence or engages subcontractors. We regularly review the security of our systems used for sending personal information overseas. Any information disclosed may only be used for the purposes of collection detailed above and system administration.

Access to Your Personal Information and Complaints

You may ask for access to the personal information we hold about you and seek correction by calling (02) 8258 5152 EST 8am-6pm, Monday to Friday. Our Privacy Policy contains details about how you may make a complaint about a breach of the privacy principles contained in the *Privacy Act 1988 (Cth)* and how we deal with complaints. Our Privacy Policy is available at www.allianz.com.au and <http://www.oceania.eulerhermes.com/en/euler-hermes/legal.html>.

Contact for assistance or confirmation of cover

If You need to confirm any **Policy** transaction or clarify any of the information contained in this **Policy** Document or if You have any other queries, contact Us.

General Insurance Code of Practice – providing you with even better service

The General Insurance Code of Practice was developed by the Insurance Council of Australia to further raise standards of practice and service across the insurance industry. We keenly support the standards set out in the Code. You can obtain more information on the Code of Practice and how it assists you by contacting Us.

PDS Preparation Date: 8/3/2010

Dispute resolution process – helping You solve any problems

We have a free internal complaints resolution process that can be accessed by contacting Us. If this process doesn't resolve the complaint we will give you information about how to access available external dispute resolution schemes.

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Definitions

Because your **Policy** is a legal document, we have to use a number of accepted legal words to state its terms and conditions. You will find these words are highlighted in blue in the text and then explained hereunder for easy reference.

Aggregate Credit Limit

Means the maximum amount covered for several **Buyer Entities** within a **Buyer Group** under the **Policy**, and as specified in the limit notification issued where an **Approved Limit** is required.

Approved Limit

Means the maximum amount covered for a **Buyer** under the **Policy** as specified in the limit notification issued by us.

Buyer

Means a **Buyer Entity** and a **Buyer Group** where:

Buyer Entity means the legal entity legally responsible for paying for the goods **Despatched** and/or services **Provided** by you. **Buyer Group** means all **Buyer Entities** under common control, where control means ownership directly or indirectly of more than 50% of the voting share capital.

Buyer's Country/ies

Means the country/ies from which the **Buyer** is contractually obligated to pay you; and where you are contractually obligated to **Despatch** goods and/or **Provide** services and where you have a valid **Country Limit** under this **Policy**.

Cash Against Documents

Means payment against the presentation to the **Buyer** of the relevant commercial documents stated in the sale contract and your retaining control of the goods until full and effective payment is made to the bank or other authorised agents responsible for transmitting the documents to the **Buyer**.

Country Limit

Means the maximum aggregate **Insured Debt** in each country and as specified in the list of **Country Limits**. Each **Insured Loss** paid by us under this **Policy** shall reduce the relevant **Country Limit**.

Credit Limit

Means an **Approved Limit** or a **Discretionary Limit** held on a **Buyer**. Where several **Buyer Entities** require cover, you must also establish an **Aggregate Credit Limit** covering the **Buyer Group**.

Date of Crystallisation

Means the earlier of:

- a the date the **Buyer** enters into a **State of Default**; and
- b the date we receive your non-payment notification.

Despatch or Despatched

Means with respect to goods, that:

- a the goods have been passed to the first independent carrier for transport to the place where the **Buyer** is obliged to accept them; or
- b if there is no independent carrier, the goods have been deposited into the possession of the **Buyer** or a third party agent who agrees to hold the goods to the order of the **Buyer**.

Discretionary Limit

Means the maximum amount of a debt that may be covered for a **Buyer** under the **Policy** where we have not issued an **Approved Limit** and where you have justified that amount in accordance with the criteria set out in Section 2 – Risk Management of the **Policy**.

Dispute

Means any unresolved and genuine disagreement between you and the **Buyer**, relating to any obligations owed by either you or the **Buyer** under the contract that results in refusal by the **Buyer** to pay you any debt.

Excess

Means the amount of an **Insured Loss** that you will retain for your own account as calculated by the (a) **Non Qualifying Loss** and (b) **Aggregate Deductible** which are defined as follows:

- a **Non Qualifying Loss** means the amount of **Insured Debt** on a **Buyer** up to and including the amount specified in the **Special Terms** that you will retain for your own account and which will not erode the **Aggregate Deductible**.
- b **Aggregate Deductible** means the aggregate amount of **Insured Debt** as specified in the **Special Terms** greater than the **Non Qualifying Loss** which you will retain for your own account.

Foreign Public Buyer

Means a **Public Buyer** in a country other than your country.

Insolvency

Insolvency is defined in Section 1.01 (What you are covered for).

Insured Debt

Means the amount owing to you from the **Buyer** provided that:

- the **Buyer** is located in a country where you hold a **Country Limit**;
- the goods are **Despatched** and services are **Provided** during the Insurance Period and relate to your Description of Trade in the **Special Terms**; and
- the contractual terms of payment of the debt do not exceed the relevant **Maximum Terms of Payment** specified in the **Special Terms**.

The **Insured Debt** includes, where applicable, transportation, packaging, insurance and any taxes

included in the original invoice with the exception, unless we agree otherwise, of Goods and Services Tax (or similar tax).

The [Insured Debt](#) is restricted to the lesser of the amount of the [Credit Limit](#), [Aggregate Credit Limit](#) or the [Country Limit](#).

[Insured Loss](#)

Means the amount of an [Insured Debt](#) that was subject to a non-payment notification or its balance after taking into account the amounts listed in Section 3.01 (Calculation of the [Insured Loss](#)).

[Insured Percentage](#)

Means the percentage stated in the [Special Terms](#) which is applied to the [Insured Loss](#) for the calculation of the indemnity.

[Maximum Extension Period](#)

Means the maximum period specified in the [Special Terms](#) by which you can postpone the original due date for payment of the [Insured Debt](#).

[Maximum Liability](#)

[Maximum Liability](#) is defined in Section 3.05 ([Maximum Liability](#)).

[Maximum Terms of Payment](#)

Means the maximum contractual period that you may agree for payment from the [Buyer](#) of the [Insured Debt](#).

[Policy](#)

Means the contract of credit insurance that we have agreed to issue to you including the General Terms and Conditions, Definitions, [Special Terms](#) (including the List of [Country Limits](#)) and any other documents and/or notifications and/or notices issued under or in connection with that contract, including but not restricted to the [Proposal](#) and the limit notifications.

[Political Risk](#)

[Political Risk](#) is defined in Section 1.01 (What you are covered for).

[Proposal](#)

Means the [Proposal](#) form, credit management questionnaire and procedures, and any supporting documents, information and representations made by you or on your behalf before we agreed to issue the [Policy](#).

[Protracted Default](#)

[Protracted Default](#) is defined in Section 1.01 (What you are covered for).

[Provide or Provided](#)

Means, with respect to services, that the services have been carried out as contracted.

[Public Buyer](#)

Means a [Buyer](#) whose creditworthiness we consider equal to that of the State in the [Buyers](#)

country, due to the [Buyers](#) statutory position or a commitment from the State of the [Buyers](#) country with regard to the [Buyers](#) financial support.

Recoveries

Means any:

- monies received;
- dividends received or payable out of the [Buyers](#) insolvent estate;
- indemnities, guarantees or other securities obtained;
- goods recovered; applicable counter claims or set-off; and/or
- other advantages or rights of action held; by you or on your behalf.

Special Terms

Means the terms stated in the schedule attached to the General Terms and Conditions.

State of Default

Means the situation of a [Buyer](#) resulting from the occurrence of:

- a an amount being overdue past the expiry of the [Maximum Extension Period](#), as mentioned in the [Special Terms](#). If the debt is composed of several invoices, the date used will be the expiry of the [Maximum Extension Period](#) applicable to the invoice which was due first for payment;
- b any dishonour or non-payment of a bill of exchange, promissory note, cheque or direct debit upon its first presentation for payment;
- c [Insolvency](#); or
- d a [Political Risk](#).

Turnover

Means the total invoice value of all goods you have [Despatched](#) and services you have [Provided](#) to [Buyers](#) during the Insurance Period stated in the [Special Terms](#).

Waiting Period

Means the relevant period stated in the [Special Terms](#), which runs from the date the [Buyer](#) enters into a [State of Default](#).

Terms and Conditions of your Policy

1 Scope of coverage

1.01 What you are covered for

We are the Insurer named in the [Special Terms](#). We have issued this [Policy](#) to you, the Insured, named in the [Special Terms](#) in return for the premium.

Subject to the terms and conditions of the [Policy](#) we will indemnify you in accordance with Section 3 (Indemnity) below if a [Buyer](#) fails, due to an event of loss, to pay you an undisputed [Insured Debt](#). For indebtedness to contribute to an [Insured Debt](#), it must be invoiced within 10 days of the date the goods were [Despatched](#) and/or services were [Provided](#) unless agreed otherwise in the [Special Terms](#).

Unless otherwise expressly agreed, this [Policy](#) covers your entire sales [Turnover](#).

Event of loss

Under the [Policy](#) there is an event of loss when your [Buyer](#) fails to pay you an [Insured Debt](#) and one of the following happens:

- a [Protracted Default](#) of your [Buyer](#) which occurs on the non-payment of all or part of an undisputed [Insured Debt](#) on expiry of the [Waiting Period](#), as specified in the [Special Terms](#);
- b [Insolvency](#) of your [Buyer](#) which, unless specified otherwise in the [Special Terms](#), occurs when:
 - i a Receiver or Manager, Liquidator, Trustee, Administrator, or other similar official is appointed over a [Buyer](#), whether or not the appointment has been made by a Court or other similar tribunal but excluding any appointment which does not affect your rights as a creditor of the [Buyer](#);
 - ii a composition, scheme of arrangement, compromise or other similar arrangement has been approved and

- made binding on the **Buyer** and all the **Buyers** creditors; or
 - iii circumstances exist that are equivalent to any of the above;
 - c A **Political Risk** occurs. A **Political Risk** means any of the following:
 - i the non-payment of all or part of an undisputed **Insured Debt** by a **Foreign Public Buyer** on the expiry of the **Waiting Period**;
 - ii the unjustified and formal refusal by a **Foreign Public Buyer** to accept the goods;
 - iii the direct prevention of the payment of the **Insured Debt** or your performance of the sale and/or services contract as a result of any of the following political events:
 - i) the occurrence in the country in which the **Buyer** is located (provided the **Buyer** is not located in your country) of war (whether declared or not) unless excluded by Section 1.02 (c) (What you are not covered for), invasion, act of foreign enemy hostilities, civil war, insurrection, rebellion, riot, revolution and/or military or usurped power;
 - ii) implementation of a law or regulation having the force of law which prohibits the export of goods or provision of services from your country;
 - iii) implementation of a law or regulation having the force of law which prohibits the import of goods or provision of services in the **Buyers** country;
 - iv) transfer restrictions where there is a decree by the government of the **Buyers** country imposing restrictions on currency transfer;
 - v) the passing of a decree by the government in the country in which the **Buyer** is located, exonerating him from paying the additional sum due if there is a difference between the amount deposited in local currency on the date of the deposit or on the date of completion of the transfer formalities, and the amount due to be paid; or
 - vi) inconvertibility of the currency of the **Buyers** country where the debt is payable in a currency other than the currency of the **Buyers** country.

1.02 What you are not covered for

We have no liability for losses resulting directly or indirectly from:

- a your failure or the failure of any of your agents to comply with contractual obligations owed to the **Buyer** or with any relevant laws or regulations in force in the relevant countries;
- b any phenomenon of nuclear origin, or a natural disaster;
- c war between two or more of the following countries: the United States of America, the Russian Federation, France, the Peoples Republic of China and the United

- Kingdom;
- d the termination of any distribution, franchise or similar arrangement between you and the [Buyer](#) unless we have agreed to the termination beforehand in writing, which we shall not reasonably withhold;
- e your loss of any export or import licence preventing the performance of the contract or the payment of the debt, unless you were informed after the goods were [Despatched](#);
- f the failure of the [Buyer](#) to accept delivery of goods that are not the subject of a [Dispute](#);
- g your failure to set a [Discretionary Limit](#) in accordance with the conditions applicable for discretionary cover;
- h your transfer of the payment obligation from your [Buyer](#) to a third party without our prior agreement;
- i exchange rate fluctuations and/or currency devaluations except in the case specified in Section 2.10 (Currency deposit) if the [Buyer](#) is unable to pay the additional amount corresponding to the depreciation of the local currency;
- j your or your agents' Wrongful Acts or dishonest acts or omissions; or
- k your or your agents' failure to comply with Section 2 (Risk Management) of this [Policy](#).

The following are excluded from the [Policy](#) cover:

- l transactions with private individuals acting in a personal capacity. If you are uncertain whether a [Buyer](#) is a commercial trader, discretionary cover will not apply and you must make a limit request in order to obtain an [Approved Limit](#) from us;
- m transactions with [Public Buyers](#) in your own country;
- n transactions for which payment is received on or before the date you [Despatched](#) the goods and/or [Provided](#) the services;
- o transactions for which payment is made by confirmed and irrevocable or confirmed, irrevocable and renewable letter of credit;
- p transactions for which you agreed without our prior written approval payment conditions that are more favourable to the [Buyer](#) than the [Maximum Terms of Payment](#) specified in the [Special Terms](#);
- q transactions with any [Buyer](#) located in a country where you do not have a [Country Limit](#);
- r transactions conducted with any [Buyer](#):
 - over which you have significant control, by participation in its management, administration or capital; or
 - which has similar control over you; or which is part of the same group as you;
- s transactions conducted with any [Buyer](#) for whom we have refused cover before the date you [Despatched](#) the goods and/or [Provided](#) the services;
- t transactions conducted with a [Buyer](#) in a [State of Default](#);
- u interest for late payment or any contractual or legal damages; or
- v Goods and Services Tax, or any similar tax, unless we agree otherwise.

2 Risk Management

Exercising care and prudence

2.01 Due Diligence

You must exercise all reasonable care and prudence in granting and withholding credit from a [Buyer](#) as if you were not insured.

You shall do and concur in doing all things reasonably practical to avoid or diminish any loss and act in accordance with any direction we shall reasonably give.

2.02 Credit Management Procedures

You shall adhere to your Credit Management Procedures and shall consistently follow these procedures. Your Credit Management Procedures shall determine that a [Buyer](#) has both the financial capacity and a record of meeting its payment obligations on a timely basis and shall include but not be limited to:

- establishing and evidencing [Credit](#) and [Country Limits](#);
- establishing and monitoring the group structure of the [Buyer](#);
- setting appropriate payment terms;
- making collections and monitoring the payment performance of the [Buyer](#).

You will not vary or change your Credit Management Procedures in any material way without obtaining our written approval.

2.03 Credit Limits

For you to be covered under the [Policy](#) with respect to a [Buyer](#), you must have a [Credit Limit](#) in place at the date of [Despatch](#). The [Credit Limit](#) establishes the maximum amount of credit for which you will be covered under the [Policy](#) for a [Buyer](#).

You must establish a [Credit Limit](#) in accordance with your Credit Management Procedures. If the [Credit Limit](#) is greater than the value of the [Discretionary Limit](#), then you must request an [Approved Limit](#) from us. Where several [Buyer Entities](#) require cover, you must also establish an [Aggregate Credit Limit](#) covering the [Buyer Group](#). If the [Aggregate Credit Limit](#) is greater than the value of the [Discretionary Limit](#), then you must request an [Approved Limit](#) from us on the [Buyer Group](#).

Unless specified otherwise in the limit notification, [Approved Limits](#) are valid for 12 months

from [Policy](#) inception, or from [Policy](#) anniversary where applicable and cannot be cancelled by us until that date. If no start date is specified, [Approved Limits](#) are retrospective from the start date of the [Policy](#) provided that:

- a there are no amounts outstanding beyond the expiry of the [Maximum Extension Period](#) and/or you are not reasonably aware of other adverse information about the [Buyer](#); and
- b the original due date of the invoice is after the date of receipt of your limit request;

If we issue an [Approved Limit](#) subject to special conditions, you will have a claim under the [Policy](#) in respect of the [Buyer](#) concerned only if all the special conditions have been complied with.

Where a [Credit Limit](#) is subject to a guarantee, any guarantee held by you must be legally effective and enforceable; where the guarantor irrevocably and unconditionally guarantees in writing the due and punctual payment and performance of all the [Buyers](#) outstanding debts, obligations and liabilities due to you. Where a [Buyer](#) fails in its obligations, you shall enforce punctual payment under the guarantee while ensuring observance of all laws and regulations of the enforcement which may affect the validity of the guarantee.

2.04 Observance of law

You shall observe and comply with all laws and regulations which are applicable to you and to the Buyer of which you should be aware.

2.05 Country Limits

For you to be covered under the Policy with respect to the Buyers Country you must obtain a Country Limit from us.

Unless specified otherwise in the list of Country Limits, or unless sanctions become applicable during the Policy Period, Country Limits are valid for 12 months from Policy inception or from Policy anniversary where applicable and cannot be cancelled by us until that date. If no start date is specified, Country Limits are retrospective from the start date of the Policy.

Receivables beyond due date

2.06 Your credit management obligations

At all times you must act as if you were not insured. So you must take all reasonable steps to prevent and/or reduce any losses, including but not limited to:

- the starting of legal proceedings,
- the enforcement of any judgment,
- the starting of any Insolvency proceedings against the Buyer, and
- the passing of the account to a Collection Service Provider.

You must comply with any reasonable instructions we may give you.

In addition, you must obtain our prior written agreement to grant approval (whether as part of an out-of-court settlement, or a court order) for:

- a a repayment plan or other form of rescheduling in respect of all or part of the debt beyond the Maximum Extension Period;
- b an assignment or pledge of all or part of the debt;
- c a waiver of all or part of the debt; or
- d the giving up of any of your rights or guarantees in respect of all or part of the debt.

2.07 Postponement of due date

You may agree to one or more postponements of the initial due date for payment of the [Insured Debt](#). However, the additional credit period granted must not exceed the [Maximum Extension Period](#), as set in the [Special Terms](#). Unless we agree otherwise, the [Policy](#) will not cover any debt you have agreed to postpone beyond the [Maximum Extension Period](#).

Unless you obtain our prior written agreement, you must not grant any postponement of due date if:

- a the initial methods of payment are [Cash Against Documents](#), promissory note, bill of exchange, or irrevocable letter of credit, documentary sight draft, documents against payments transaction or payment under a letter of credit;
- b the [Buyer](#) is in a [State of Default](#)

2.08 Notifications

Adverse information notification

Where you have knowledge of any information or circumstance which indicates that the [Buyer](#) may not be able to perform or comply with their payment obligations to you, or circumstances which may reasonably be expected to result in a Loss, you shall notify us in writing immediately upon becoming aware of this information or circumstance, irrespective of whether the [Buyer](#) is overdue in any payment obligation to you.

Non Payment notification

You must notify us within 30 days of any

[Buyer](#) entering a [State of Default](#).

2.09 Cease Delivery/Despatch

You shall not incur any further exposure following the occurrence of an event or circumstances that may reasonably be expected to result in a loss and to any [Buyer](#) that becomes insolvent.

We have no liability for further Delivery/Despatch made to any [Buyer](#) following the occurrence of an event or circumstances that may reasonably be expected to result in a loss and to any [Buyer](#) that becomes insolvent.

We have no liability for further Delivery/Despatch made to

any [Buyer](#) in [State of Default](#).

2.10 Currency deposit

In the event of restrictions on currency transfers, you must demand the following actions from your **Buyer** on the due date for payment or as soon as you are aware of the restrictions:

Your **Buyer** must make a deposit in your favour at a bank in his country for the equivalent sum in local currency for the total invoiced amount. Your **Buyer** must also undertake in writing to pay on demand any shortfall between the value of the local currency deposit at the date of that deposit and the value of the payment you receive.

- Your **Buyer** must take all possible and formal steps in order to get the local currency converted and transferred to you.
- Your **Buyer** must confirm in writing that the payment in local currency does not in any way discharge him from his contractual obligations.

3 Indemnity

3.01 Calculation of the Insured Loss

- a The **Insured Loss** is to be calculated as being the **Insured Debt**:
 - after taking into account our share of the value of any **Recoveries**; and
 - after taking into account the amount of any **Excess**, if applicable, as specified in the **Special Terms**.
- b Invoices in a currency other than the **Policy** currency will be converted in accordance with Section 5.02 (**Policy** currency).

For the purposes of establishing which debts constitute the Insured Debt, debts owed by a **Buyer** will be taken in the order of the invoice dates up to the amount of the **Credit Limit**. Debts above the **Credit Limit** are covered under the **Policy** only if and when older debts that are covered under the **Policy** have been paid. This subsequent cover of previously uninsured debts does not apply after the **Date of Crystallisation**. If payment is by cheque or bill of exchange, payment is deemed to have been made when you have received cleared funds.

3.02 Calculation of the indemnity

Subject always to Section 3.05 (**Maximum liability**), the maximum indemnity under the **Policy** in respect of any claim will be the **Insured Percentage** of the **Insured Loss** after deduction of the **Excess**.

3.03 Payment of the indemnity

- a We have no liability in respect of any debt or claim unless we have received the non-payment notification from you in accordance with Section 2.08 (Non-payment notification).
- b If the **Insured Debt** (or any part of it) is subject to a **Dispute**, we will have no liability in respect of the **Disputed** amount until the **Dispute** is unconditionally settled in your favour. You must resolve the **Dispute** at your own cost and without recourse to us.
- c Subject to Section 5.03 (Verifying your documents), we will pay your claim within 30 days from the later of:
 - the date of the occurrence of the event of loss as determined in Section 1.01 (What you are covered for);
 - the date we receive the non-payment notification and all documents and information that we require. This includes proof of any collection or legal action, such as applying for a bankruptcy or winding-up order, commencing legal proceedings, or enforcing any judgement against the **Buyer**, unless we

- agree that such action would be uneconomical; and
 - if the debt was subject to a **Dispute** that has subsequently been resolved in your favour, the expiry of an additional period of 30 days following resolution of the **Dispute**, within which the **Buyer** has to pay.
- d The indemnity is payable in the **Policy** currency (Section 5.02 – **Policy** currency).
- e If you receive an indemnity from us to which you are not entitled under the **Policy**, you must reimburse it to us within 14 days of our request or of your being aware that you are not entitled to it.
- f In the event of a **Political Risk** occurring before the occurrence of any other of the circumstances that may lead to a **State of Default**, the cause of loss under the **Policy** will be the **Political Risk**.

3.04 Recoveries

- a i All **Recoveries** before the **Date of Crystallisation** must be used to reduce the amount of the undisputed indebtedness owed to you in the chronological order of the due dates relating to that indebtedness.
- ii For the calculation of the **Insured Loss**, all **Recoveries** realised after the **Date of Crystallisation** will be shared between you and us pro-rata based on the ratio between the **Insured Debt** and your total debt at the **Date of Crystallisation**. Our share will be calculated in accordance with the following formula:

$$\frac{\text{Recoveries at the Date of Crystallisation} \times \text{Insured Debt at the Date of Crystallisation} \times \text{Insured Percentage}}{\text{Total indebtedness}}$$

- b On payment of the indemnity, any of your rights or actions will be subrogated to us. Our share of any **Recoveries** you receive after you have been indemnified under the **Policy** must be reimbursed to us within 14 days of their receipt. **Recoveries** realised in a currency other than the **Policy** currency are converted in accordance with Section 5.02 (**Policy** currency).
- c For the avoidance of doubt amounts **Recovered** by you of any **Insured Loss** under the **Aggregate Deductible** shall reinstate the **Aggregate Deductible** by the same amount.

3.05 Maximum liability

Regardless of the amount of any individual **Approved Limit** or the aggregate value of all **Credit Limits, Country Limits** and the number of beneficiaries under the **Policy**, we will have no further liability at all for an Insurance Period when the amount we have paid to you as indemnity first reaches the **Maximum Liability** shown in the **Special Terms**. Your obligations under the **Policy** continue, including your obligations to pay us premium and to account to us for our share of any **Recoveries**.

Each **Insured Loss** paid by us under this **Policy** shall reduce the **Maximum Liability**

and the relevant [Country Limit](#).

3.06 Assignment of indemnities

You may wish to transfer any benefits under the [Policy](#) to a third party. Any assignment of the benefits payable under the [Policy](#) requires our prior approval and an amendment being made to the [Policy](#) noting the assignment.

3.07 Shared risk

You must remain solely responsible for any portion of the debt not covered under the [Policy](#). This must not under any circumstances be assigned wholly or partly to any third party or insured with another company.

3.08 Claim submission

You need to file a claim form including details of all receivables owed to you by the relevant [Buyer](#) together with all supporting documents specified in the claim form within 12 months of a [Buyer](#) entering a [State of Default](#).

4 General conditions

4.01 Declaration of Turnover

For each Insurance Period and for each insured company, you must declare to us the aggregate value of your [Turnover](#) with each of the country specified in the [Special Terms](#) within 60 days after the end of the period.

The value of invoices denominated in currencies other than the [Policy](#) currency must be converted into the [Policy](#) currency in accordance with Section 5.02 ([Policy](#) currency).

You must not exclude from your [Turnover](#) the value of any:

- a credit notes you have issued in respect of goods returned to you by the [Buyer](#) more than 14 days after the original invoice; and
- b retrospective volume rebates, loyalty rebates, early settlement rebates or any other rebates.

You may exclude from your [Turnover](#) the value of any:

- a Good and Services Tax (or any similar tax) unless we agree otherwise; and
- b sales entirely excluded from cover by the application of Section 1.02 (What you are not covered for).

4.02 Calculation of premium

Premium will be calculated on the basis of the declared [Turnover](#) multiplied by the relevant premium rate set in the [Special Terms](#) for the particular country. If the calculated premium for the Insurance Period is lower than the minimum premium, as indicated in the [Special Terms](#), you must pay the minimum premium for that period.

Insurance taxes will be added to the premium according to the relevant tax legislation. We will determine your liability to pay taxes and duties on the basis of the information you provide to us and in particular the breakdown of your [Turnover](#) per country.

4.03 Payment of premium

You must pay the premium to us strictly in accordance with the amounts shown and on the date set in the [Special Terms](#).

4.04 Right of set-off

We alone may set-off any premium or other amounts you owe us against any sums payable under the [Policy](#), regardless of the Insurance Period.

5 Other Provisions

5.01 Your Proposal

We have agreed to issue this [Policy](#) on the basis of the [Proposal](#) and all information and representations provided by you and/or your agent. The [Proposal](#) and all associated documents form part of the [Policy](#). Each Insured jointly:

- warrants that the information in the [Proposal](#) is true and accurate at the effective date of the [Policy](#);
- undertakes to immediately notify us of any changes concerning the [Proposal](#); and
- warrants that they have no knowledge at [Policy](#) inception of any circumstance which may reasonably be expected to result in an [Insured Loss](#).

Your warranty and undertaking do not limit any legal obligation or duty (at common law or otherwise) on you to disclose to us all material facts and circumstances and to act with the utmost good faith at all times.

You acknowledge that it is a condition of the [Policy](#) that you and all Insureds listed in the [Special Terms](#) remain solvent and continue to trade for the duration of the [Policy](#).

5.02 Policy currency

The [Policy](#) currency is indicated in the [Special Terms](#). It will be used for [Turnover](#) declarations, premium payments and other charges, calculation of any [Insured Loss](#) and any indemnity payments. If an invoice is denominated in any other currency, all amounts in relation to the invoice, including with respect to the calculation of the [Insured Loss](#), [Recoveries](#) received prior to the date of indemnification and [Turnover](#) declarations, will be converted into the [Policy](#) currency using the exchange rate in the [Special Terms](#) ruling on the date specified in the [Special Terms](#). Any [Recoveries](#) in any other currency which are received after the date of indemnification will be converted into the [Policy](#) currency using the exchange rate in the [Special Terms](#) ruling on the date the [Recoveries](#) are converted.

5.03 Verifying your documents

At any time we may inspect and take copies of any documents in your possession or control which relate to any [Insured Debt](#) under the [Policy](#). On our request, you must take all necessary and reasonable steps to give us such documents held by any third party.

5.04 Policy duration

- a The start date of the [Policy](#) is shown in the [Special Terms](#). Cover under the [Policy](#) for any:
- goods [Despatched](#) and invoiced; and/or
 - services [Provided](#) and invoiced,
- on and after the start date does not commence until you have paid the first premium instalment.
- b The Insurance Period and, where applicable, the further Insurance Periods are shown in the [Special Terms](#).
- c We may terminate the [Policy](#) by giving you written notice in the following circumstances:
- i In the event of a breach of the [Policy](#) as stated in Section 5.05 (Breach of contract), in which case you must immediately pay us the minimum premium.
 - ii If you or one or more of the Insureds listed in the [Special Terms](#) become subject to [Insolvency](#). The [Policy](#) may then be terminated in accordance with the [Special Terms](#). [Insolvency](#) when used in this section will be as defined in Section 1.01 (What you are covered for) except that reference to a [Buyer](#) will

be interpreted as a reference to you.

- d We may also terminate the [Policy](#) in the circumstances stated in the [Special Terms](#).
- e Except for those losses already notified to us as per section 3.08, we shall have no liability under this [Policy](#) 12 months after the last due date of any [Insured Debt](#).

5.05 Breach of contract

If you fail to pay any premium or fees instalment, or in the case of any substantial misrepresentations made in the [Proposal](#), we are entitled to suspend our liability and/or terminate the [Policy](#) in accordance with the [Special Terms](#). Your obligations under the [Policy](#) continue, regardless of any termination or suspension.

We do not waive any breach by you of any term or condition of the [Policy](#) unless we have agreed to the waiver expressly in writing.

5.06 Communication

For the purpose of the [Policy](#), any agreed means of communication and any special conditions applying may be specified in the [Special Terms](#).

5.07 Law, arbitration and language

The [Policy](#) is governed by and construed in accordance with the applicable law specified in the [Special Terms](#).

All disputes arising under or in connection with the [Policy](#) will preferably be settled amicably by the parties to the [Policy](#).

If any dispute cannot be resolved amicably, it will be resolved by arbitration proceedings in accordance with the provisions set out in the [Special Terms](#).

The language of the [Policy](#) is stated in the [Special Terms](#). If there are any differences in the meaning or effect of the documents that comprise the [Policy](#), then the text in the language of the specified [Policy](#) will always prevail over any translation, even if provided by us.

