

Allianz World Finance Policy Wording

AUGTC v 2.0

Trade Credit

World Finance Policy



Allianz World Finance Policy – Trade Credit Insurance

Important customer information

Welcome to Allianz World Finance 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.

About Euler Hermes Australia Pty Limited.

Euler Hermes 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 Allianz to arrange, issue, vary and dispose of this insurance on our behalf under a binding arrangement we have with them. In this document, unless otherwise stated, a reference to “we”, “our” or “us” is a reference to Allianz and/or a reference to Euler Hermes depending on their respective roles as described above.

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 email, 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 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 the contract.

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:

- that diminishes the risk to be undertaken by us; or
- that is of common knowledge; or
- that we know or, in the ordinary course of our business as an insurer, ought to know; or
- 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.

Who must tell us?

Everyone who is insured under the **Policy** must answer the questions in this way. If any person to be insured has not disclosed their relevant information to us directly, the person applying to us directly is treated as having made disclosure on behalf of all such persons.

What happens if you or they do not comply with this duty?

If you or they do not answer the questions in this way, we may cancel the **Policy** and/or reduce the amount we pay if you make a claim. If fraud is involved, we may treat the **Policy** as if it never existed, and pay nothing.

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/eulerhermes/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. 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.

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 **bold** in the text and then explained here for easy reference.

Approved Limit

Means the maximum amount covered for a **Buyer** under the **Policy** as specified in the **Approved Limit** Endorsement issued by us which will detail the limit decision amount and applicable terms and conditions.

Any reference to Insured Buyer or buyer in that Endorsement has the same meaning as **Buyer**.

Buyer

Means the legal entity (including a **Public Buyer** or **Foreign Public Buyer**) responsible for paying for the goods **Despatched** and/or the services **Provided** by you being:

- any of the **Supplier's** customers; or
- where applicable, an import factor under a **Factoring Agreement**; or
- any customer of a **Supplier** where the receivables relating to that customer have been assigned to you by an export factor under a **Factoring Agreement**, on which you have either received an **Approved Limit** or set a **Discretionary Limit**.

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**.

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 from the **Supplier** 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 by the **Supplier** 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 the **Special Terms**.

Dispute

Means any unresolved, genuine and documented disagreement between:

- you or the **Supplier** and the **Buyer**, relating to any obligations under the original contract that results in refusal by the **Buyer** to pay you any debt;
- you and the **Supplier**; or
- you and either the import factor or the export factor.

Event of Loss

Event of Loss is defined in Section 1.01 (What you are covered for).

Excess

Means any deductible or threshold specified in the **Special Terms**.

Factoring Agreement

Provided that you are a factoring company authorised to operate – among others – in factoring activities according to the laws of your country, **Factoring Agreement** means either:

- any legally valid and enforceable factoring agreement entered into between you and a **Supplier**; or
- any interfactoring agreement entered into between you and a factoring company located outside your country which is in accordance with and incorporates the standard terms, conditions and other provisions of the code of International Factors Group ("IFG") or Factors Chain International ("FCI"), or is otherwise legally binding and enforceable.

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 of trade credit debt owing to you or the **Supplier** from the **Buyer** provided that:

- the **Buyer** is located in a country listed in the **Special Terms**; and
- it relates to undisputed receivables which have been assigned to you during the Insurance Period in accordance with a **Factoring Agreement** between you and the **Supplier** or the export factor; 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** is restricted by reference to:

- the amount of the **Discretionary Limit** or the **Approved Limit**, whichever applies; and
- the amount of the actual loss to be suffered by you in accordance with the **Factoring Agreement** after taking into account the amount of any debt which you may recourse back to the **Supplier** and/or export factor, whether or not such right is exercised.

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 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 trade credit insurance that we have agreed to issue to you including the General Terms and Conditions, Definitions, **Special Terms** (including the Country Group) 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**, the limit notifications and any Endorsements.

Political Risk

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

Proposal

Means the proposal form, credit management questionnaire 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 **Supplier** has fulfilled its contractual obligation towards the **Buyer** in respect of services to be carried out and invoicing on a regular basis (at least fortnightly).

Public Buyer

Means a **Buyer** whose creditworthiness we consider equal to that of the State of or in the **Buyer's** country, due to the **Buyer's** statutory position or a commitment from the State of the **Buyer's** country with regard to the **Buyer's** financial support.

Recoveries

Means any:

- monies received;
- dividends received or payable out of the **Buyer's** insolvent estate;
- indemnities, guarantees or other securities obtained and realised or realisable;
- goods recovered or recoverable;
- counter claims or set-off applied; and/or
- other advantages or rights of action held, by you or on your behalf in respect of a **Buyer**.

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 which is not subject to a **Dispute** being overdue past the expiry of the **Maximum Extension Period**, as specified in the **Special Terms** (noting that if the debt is made up 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); or
- (b) any dishonour or non-payment of a bill of exchange, promissory note, cheque or direct debit or deposit upon its first presentation for payment (irrespective of subsequent payment); or
- (c) **Insolvency**; or
- (d) a **Political Risk**; or
- (e) circumstances where you know or have reason to believe the **Buyer** cannot pay its debts or meet its contractual obligations when they fall due.

Supplier

Means any company that:

- entered in a **Factoring Agreement** with you, and
- **Despatched** goods or **Provided** services to a **Buyer**.

Turnover

Turnover means the total invoice value of all receivables acquired by you from a **Supplier** or export factor or sold to an import factor during the Insurance Period specified in the **Special Terms** in accordance with a **Factoring Agreement**.

Waiting Period

Means the relevant period stated in the **Special Terms**, which runs from the date of receipt of the completed Non-payment notification (together with any additional documents or information that we require).

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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 (being a trade credit debt) to constitute an **Insured Debt** it must relate to receivables assigned to you by the **Supplier** or export factor before the original due date of the receivable.

Subject to these General Terms and Conditions and any specific written agreement between us, this **Policy** covers your entire non recourse **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** occurs. **Protracted Default** occurs when the **Waiting Period**, as specified in the **Special Terms**, expires and all or part of an undisputed **Insured Debt** has still not been paid.
- (b) **Insolvency** of your **Buyer** occurs. **Insolvency**, unless specified otherwise in the **Special Terms**, occurs when:
 - I. a Receiver and/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 but excluding any appointment which does not affect your rights as a creditor of the **Buyer**; or
 - II. a composition, scheme of arrangement, compromise or other similar arrangement has been approved and made binding on the **Buyer** and all or a majority of the **Buyer's** affected creditors; or
 - III. circumstances exist that are equivalent to any of the above, whether in respect of a **Buyer** or other party referred to in this **Policy**.
- (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 **Maximum Extension 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** by the **Buyer** or performance of the sale and/or services contract by the **Supplier** 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) transfer restrictions where there is a decree by the government of the **Buyer's** country imposing restrictions on currency transfer;
 - (iii) the passing of a decree by the government in the country in which the **Buyer** is located, excusing the **Buyer** from paying any 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;
 - (iv) inconvertibility of the currency of the **Buyer's** country where the debt is payable in a currency other than the currency of the **Buyer's** country; or
 - (v) the passing of a decree by the government of the **Buyer's** country preventing the **Buyer** paying for receivables assigned to a third party.
 - (vi) implementation of a law or regulation having the force of law which prohibits the export of goods or provision of services from your country;
 - (vii) implementation of a law or regulation having the force of law which prohibits the import of goods or provision of services in the **Buyer's** country;

The **Event of Loss** will be deemed to occur upon expiry of the relevant **Waiting Period** as specified in the **Special Terms**.

1.02 What you are not covered for

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

- a. your failure, the failure of any of your agents or the failure of the **Supplier** (or any party acting on behalf of the **Supplier**) to comply with contractual obligations owed to the **Buyer** or with any relevant laws or regulations in force in the relevant countries; or
- b. any phenomenon of nuclear origin; or
- c. war between two or more of the following countries: the United States of America, the Russian Federation, France, the People's Republic of China and the United Kingdom; or
- d. the termination of any distribution, franchise or similar arrangement between the **Supplier** and the **Buyer**, to the extent that you were aware of that arrangement before the date the receivables have been assigned to you by the **Supplier** or export factor, unless we have agreed to the termination beforehand in writing; or
- e. the loss of any export or import licence or other similar regulations preventing the performance of the contract or the payment of the debt; or
- f. the **Supplier's** failure to **Despatch** goods and/or **Provide** services due to laws or regulations in its own country or decisions made by the government of its country other than where a **Political Risk** occurs; or
- g. your failure to set a **Discretionary Limit** in accordance with the conditions applicable for discretionary cover; or
- h. your transfer of the payment obligation from your **Buyer** to a third party without our prior agreement; or
- i. exchange rate fluctuations and/or currency devaluations except in the case specified in Section 2.08 (Currency deposit) if the **Buyer** is unable to pay the additional amount corresponding to the depreciation of the local currency; or
- j. events occurring in a third country where goods are to be **Despatched**, services are to be **Provided** and/or payment is to be made to the extent that you were aware of those arrangements before the date the receivables have been assigned to you by the **Supplier** or export factor, unless we have agreed otherwise beforehand in writing; or
- k. your failure to set a **Discretionary Limit** in accordance with the conditions applicable to discretionary cover; or
- l. a deficiency in your or the **Supplier's** books or records.

The following are excluded from the **Policy** cover:

- m. Transactions with private individuals acting in a personal capacity;
- n. Transactions where there is uncertainty whether the **Buyer** is a commercial trader and you have sought to apply discretionary cover rather than requesting an **Approved Limit** from us;
- o. Transactions with **Public Buyers** in your own country and with **Foreign Public Buyers** in countries where you had no cover for **Political Risks** at the time the **Supplier** or export factor assigned the receivable to you;
- p. Transactions for which payment is made by confirmed and irrevocable or confirmed, irrevocable and renewable letter of credit;
- q. Transactions for which you – or the **Supplier** – 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**;
- r. Transactions with any **Buyer** located in a country that is either not mentioned in the **Special Terms** or that we have excluded from cover.
- s. Transactions conducted with any **Buyer**:
 - over which you or the **Supplier** have significant control, by participation in its management, administration or capital; or
 - which has similar control over you or the **Supplier**; or
 - which is part of the same group as you or the **Supplier**;
- t. Transactions conducted with any **Buyer** for whom we have refused or withdrawn cover, before the date the receivables have been assigned to you by the **Supplier** or export factor;
- u. Receivables assigned to you by the **Supplier** or export factor after the day the **Buyer** enters in a **State of Default**;
- v. Interest for late payment or any contractual or legal damages;

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- w. Goods and Services tax, or any similar tax, unless we agree otherwise;
 - x. Any loss occurred in relation with a **Factoring Agreement** that it is not valid and enforceable according to the law governing factoring activity in your Country, the **Supplier's** Country or the **Buyer's** Country;
 - y. The **Insolvency** of an import factor where that import factor has received payment from the **Buyer** on your behalf;
 - z. Account receivables which are the result of or relate to a fraudulent set up, whichever person or party has initiated it;
 - aa. Goods **Despatched** on a consignment stock, bailment, loan, lease, hire, "pay when paid", "pay when sold", "sale or return" basis unless we otherwise agree in a written Endorsement to the **Policy**;
 - bb. Demurrage or other charges relating to resale or recovery of goods unless we otherwise agree in writing; and
 - cc. Any **Insured Debt** in respect of which an Administrator, Receiver or Liquidator or similar official will not accept or confirm liability, or a Court will not award judgment to you or which is not otherwise legally recognised as due and owing to you;

2. RISK MANAGEMENT

Setting and amending credit limits

2.01 Exercising care and prudence

You must exercise all reasonable care and prudence in granting and withholding credit from a **Buyer** as if you were not insured and you must ensure that the **Supplier** also exercises all reasonable care and prudence. You must disclose to us any knowledge, information or events that could, in the reasonable opinion of a prudent and careful uninsured, be interpreted as adverse and/or negative with regard to any new and/or existing **Buyer**, regardless of whether the **Buyer** owes you a debt.

For you to be covered under the **Policy** with respect to a **Buyer**, you must have a credit limit. The credit limit establishes the maximum amount of credit for which you will be covered under the **Policy** for a **Buyer**. The credit limit may be either an **Approved Limit** issued by us in accordance with Section 2.02 (Limit request), or a **Discretionary Limit** set by you in accordance with Section 2.03 (Discretionary cover).

To avoid doubt, credit limits carry forward but do not aggregate upon **Policy** renewal or extension nor do they aggregate from the First Insurance Period to Further Insurance Periods specified in the **Special Terms**.

2.02 Limit request

Where a **Discretionary Limit** is insufficient for the level of credit you intend to grant a **Buyer**, or if you intend to grant credit on terms more favourable to the **Buyer** than the **Maximum Terms of Payment** in the **Special Terms**, you must submit a limit request to us or the Risk Service Provider if specified in the **Special Terms**.

You must, in submitting any limit request, continue to comply with your obligations of care and prudence in Section 2.01. Without limiting the generality of those obligations, you must be satisfied that the **Buyer** would be granted credit by you if you were not insured. You must not, in any circumstance, submit a limit request where you have reason to believe that the **Buyer** is at risk of entering a **State of Default**.

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.

Unless specified otherwise in the **Approved Limit** Endorsement:

1. **Approved Limits** are effective from the start date specified. If no start date is specified, **Approved Limits** are effective from the start date of the current Insurance Period provided that:
 - (a) a **State of Default** has not occurred for the **Buyer** during the current Insurance Period; and
 - (b) the original due date of the invoice is after the date of receipt of your limit request;
2. discretionary cover for **Buyers** remains valid in accordance with Section 2.03 (Discretionary cover) until you receive the **Approved Limit** Endorsement.

By accepting this **Policy**, you agree:

- that the Risk Service Provider named in the **Special Terms** will provide you with certain services related to this **Policy**; and
- to pay the fees it charges you.

2.03 Discretionary cover

If we have not issued an **Approved Limit**, you may set a **Discretionary Limit** in accordance with the conditions for setting **Discretionary Limits** in the **Special Terms**. The **Discretionary Limit** you set is subject always to the maximum **Discretionary Limit** applicable to the country of the **Buyer**.

You may not set a **Discretionary Limit** for any transactions with a **Buyer** excluded under Section 1.02 (What you are not covered for).

2.04 Amendment and withdrawal of cover

- (a) At any time, you may apply for a higher **Approved Limit**.
- (b) Using the Means of Communication specified in the **Special Terms**, we may immediately withdraw, vary or reduce the cover relating to one or more of your **Buyers**, one or more countries or any category of business under the Description of Trade if we believe the risk has deteriorated, or there is some other material reason for taking the action. Unless we specify otherwise in the notification, discretionary cover does not apply after such withdrawal. We may also amend the Country Group in the **Special Terms** at any time. This may result in the withdrawal of cover for **Buyers** in certain countries.
- (c) Any withdrawal or reduction will apply to any goods **Despatched** or services **Provided** after the date you receive our notification. However, the withdrawal or reduction will not affect your cover for any Non-Cancellable Contract made before the notice was given provided that:
1. the period of the contract is not longer than any applicable period specified in the **Special Terms**; and
 2. you can prove to our satisfaction that the contract was non-cancellable.
- Our liability in respect of any such Non-Cancellable Contract is restricted to:
- (i) goods **Despatched** and/or services **Provided** before the earlier of:
 - I the expiry of the Period specified in the **Special Terms** before which you can continue to benefit from cover for goods **Despatched** and services **Provided**; and
 - II the date of termination or expiry of the **Policy**; and
 - (ii) **Buyers** in any of the countries listed in the **Special Terms** where we have indicated that Non-Cancellable Contract cover applies.
- (d) Cover is automatically withdrawn for further goods **Despatched** and/or services **Provided** to a **Buyer** (including goods and/or services relating to Non-Cancellable Contracts) from the day it enters into a **State of Default**. Cover will be automatically reinstated on the **Buyer** when all amounts outstanding beyond the **Maximum Extension Period** have been paid provided that:
- payment is made within 30 days following the expiry of the **Maximum Extension Period**; and
 - payment has been notified to us in writing; and
 - the credit limit for the **Buyer** has not already been withdrawn by us; and
 - a **State of Default** no longer exists; and
 - an **Event of Loss** has not occurred.

Receivables beyond due date

2.05 Your credit management obligations

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

- the registration and enforcement of personal property security interests;
- the commencement of legal proceedings against the **Buyer** or the **Supplier**
- the enforcement of any judgment against the **Buyer** or the **Supplier**;
- the starting of any insolvency proceedings against the **Buyer** or the **Supplier**; and
- the passing of the account to the Collection Service Provider named in the **Special Terms**, whose fees you agree to pay.

You must comply with any reasonable instructions we give you regarding prevention and/or reduction of losses. You must file a completed claim form with us promptly if we require.

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**, or
- (b) an assignment or pledge of all or part of the debt, or
- (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.

2.06 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, or
- (b) the **Buyer** is in a **State of Default**.

2.07 Non-payment notification

You may notify us of any unpaid debt at any time after the original due date for payment. However where a **State of Default** occurs, you must notify us promptly and in any event before the expiry of the Non-payment notification period, using the relevant forms and promptly submitting all documents we require. You must continue to notify us at least monthly until the **State of Default** no longer applies or until you file a claim with us.

Unless specified otherwise in the **Special Terms**, the Non-payment notification period expires 30 days after the **Buyer** enters a **State of Default**.

To avoid doubt, you must continue to make Non-payment notifications even if the Maximum Liability specified in the **Special Terms** has been exceeded.

2.08 Currency deposit

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

- the **Buyer** must make a deposit in your favour or the **Supplier's** favour at a bank in its country for the equivalent sum in local currency for the total invoiced amount;
- the **Buyer** must 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 or the **Supplier** receive;
- the **Buyer** must take all possible and formal steps in order to get the local currency converted and transferred to you or the **Supplier**; and
- the **Buyer** must confirm in writing that the payment in local currency does not in any way discharge it from its 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 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**.

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 2.07 (Non-payment notification) and we have received your completed claim no later than six (6) months after the first occurrence of the **State of Default**.
- (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); and
 - the date we receive the Non-payment notification and all documents and information that we require, including formal confirmation of debt, proof of any collection or legal action, such as applying for a bankruptcy or winding-up order, commencing legal proceedings, or enforcing any judgment against the **Buyer**, unless we agree that such action would be uneconomical. (This also includes proof to our satisfaction of the exact date in which any receivable subject to a Non-payment notification was assigned to you, of the amount of your actual loss with respect to any unpaid receivable and that the **Factoring Agreement** was legally binding and enforceable according to the applicable law); and
 - if the debt was subject to a **Dispute** that has subsequently been resolved in favour of the **Supplier**, 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** (including with respect to a debt which you have a right to recourse to the **Supplier** and/or export factor whether or not such right is exercised), 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** realised 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 (total trade credit debt).
- (ii) For the calculation of the **Insured Loss**, all **Recoveries** (excluding GST) realised after the **Date of Crystallisation** will be shared between you and us pro rata based on the ratio between the **Insured Debt** (excluding GST) and the total trade credit debt owed to you by that particular **Buyer** (excluding GST) at the **Date of Crystallisation**. Our share will be calculated in accordance with the following formula:

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

- (b) On payment of the indemnity, all of your rights or actions will be subrogated to us. If requested, you will execute a Power of Attorney in our favour and/or assign the relevant debt to us and/or execute an irrevocable payment authority to the Liquidator (or similar official) in our favour. 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).

3.05 Maximum liability

Regardless of the amount of any individual **Approved Limit** or the aggregate value of all credit 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 specified 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**.

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.

4. POLICY MANAGEMENT

4.01 Declaration of turnover

For each Insurance Period and for each country specified in the **Special Terms**, you must declare to us using our forms the aggregate value of your **Turnover** within 30 days after the end of the period (unless specified otherwise in the **Special Terms**).

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:

- (i) receivables relating to a **Factoring Agreement** where credit notes have been issued in respect of goods returned to the **Supplier** by the **Buyer** or in relation to retrospective volume rebates, loyalty rebate, early settlement rebate or any other rebate; or
- (ii) receivables assigned to you which relate to a **Buyer** on which there was a valid credit limit at the time when receivables have been assigned, where that limit has subsequently been withdrawn.

You may exclude from your **Turnover** the value of any:

- (a) Goods and Services tax (or any similar tax) unless covered under the **Special Terms**; 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 specified in the **Special Terms** for the particular country. If the calculated Premium for the Insurance Period is lower than the Minimum Premium, as specified in the **Special Terms**, you must pay the Minimum Premium for that period.

Goods and Services Tax, stamp duties and other applicable taxes will be added to the Premium according to the relevant legislation.

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**.

You must pay the full Premium for the Insurance Period. There is no refund of the Premium or any part of it if the **Policy** is terminated or cancelled before the end of the Insurance Period.

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 **Policy** 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. Each Insured jointly:

- warrants that the information in the **Proposal** is true and accurate at the date we have agreed to issue the **Policy**; and
- undertakes to immediately notify us on an ongoing basis of any changes concerning the **Proposal**.

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 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. Failure to provide them will be a breach of the **Policy**.

5.04 Confidentiality

The **Policy**, any amendment to it and all correspondence from us, including limit notifications, are strictly confidential. They must not be disclosed to any unauthorised third parties. The following entities are not unauthorised third parties:

- companies in the Allianz group;
- Insureds named in the **Special Terms**;
- the broker or insurance intermediary whose name is stated in the **Special Terms**;
- legal advisers;
- financial institutions approved by us.

5.05 Policy duration

- (a) The Original Start Date of the **Policy** is specified in the **Special Terms**. Cover under the **Policy** for any:
 - goods **Despatched** and invoiced; and/or
 - services **Provided** and invoiced;on and after the Original 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 specified in the **Special Terms**.

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- (c) Subject to any specific provisions in the **Special Terms** we may terminate the **Policy** by giving you written notice in the event of a breach of the **Policy** as stated in Section 5.06 (Breach of contract), in which case you must immediately pay us the Minimum Premium specified in the **Special Terms**.
 - (d) We may also terminate the **Policy** in any additional circumstances specified in the **Special Terms**.

5.06 Breach of contract

If you fail to comply with any of your obligations under this **Policy**, 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.

5.07 Insolvency of Insured

If you or one or more of the Insureds listed in the **Special Terms** become subject to **Insolvency** (as defined in the **Policy** above in relation to a **Buyer**), our liability for **Insured Debts** is immediately suspended until further written notice from us.

We may then, by written notice:

- (a) terminate the **Policy**;
- (b) require any **Insolvency** official, as a condition of further coverage, to adopt your obligations under the **Policy** including your credit management obligations under Sections 2.01 and 2.05;
- (c) require any further coverage to be on specific written Endorsement from us; and/or
- (d) resume providing cover to you generally or on specific written Endorsement.

5.08 Communication

For the purpose of the **Policy**, any agreed means of communication and any special conditions applying may be specified in the **Special Terms**.

5.09 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**.

However, the parties will at all times be at liberty to refer the dispute to the Courts of the Place of Performance and Jurisdiction specified in the **Special Terms**.

The language of the **Policy** is specified 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.