

European Operations Trade Credit

SME Approve (EU) Trade Credit Insurance Policy

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About your policy

About this document

This document sets out the detailed terms, conditions, limits and exclusions of the SME Approve (EU) Trade Credit Insurance Policy.

Capitalised words and terms have special meanings in this Policy (which includes all Schedules, endorsements, and Credit Limit Endorsements) explained in **Definitions** located at the back of this document. In this Policy, the singular includes the plural and vice versa.

Headings are inserted for convenience and do not affect the interpretation of this Policy.

Policy structure

- > **Cover** sets out the scope of main coverage and some circumstances in which Our liability to You is limited or may be excluded.
- > **Conditions** sets out general terms and conditions including conditions precedent.
- > **Exclusions and Limitations** sets out circumstances in which Our liability to You is limited or excluded, as well as setting out other terms and conditions.
- > **Claims** sets out how we settle claims and Your and Our rights including subrogation and Recoveries, and each is a condition precedent.
- > **Definitions** sets out the definitions.

Our agreement

This Policy is issued by Us for the Policy Period and becomes effective when the Proposal, submitted to Us in writing, has been accepted by Us and We have issued You a Policy Schedule.

When You pay Your premium, fees, applicable services taxes and other statutory charges imposed by government on or in respect of this Policy as set out in the Schedule by the due date, We agree to provide You with insurance cover under the terms and conditions set out in this Policy.

Your policy documents

This Policy is made up of the following, which together form Your legal contract with Us:

- > the Proposal;
- > this Policy wording;
- > the Schedule (including endorsements); and
- > all Credit Limit Endorsements.

Reference to endorsements, Schedules and Credit Limit Endorsements includes any replacement of them.

Please keep them in a safe place for future reference. You should check the Schedule when You receive it to ensure it accurately states what You are covered for.

How much we will pay

The most We will pay for a claim is the Insured Percentage of an Insured Loss in the event of an Insured Buyer failing by reason of a Claimable Event to pay You an Insured Debt, less any applicable Deductibles and Recoveries. Our total liability under this Policy is limited to the Maximum Policy Liability.

For more information or to make a claim

Please take the time to read through this document and if You have any questions, need more information or to make a claim, please contact Your broker.

References to legislation

Legislation referenced in this Policy includes Subsequent Legislation. Any term used in this Policy and defined by reference to legislation will have the meaning given in any replacement definition or definition with materially the same object or purpose in Subsequent Legislation.

Governing law

This Policy will be interpreted under and governed by the laws of the Country of issue specified in the Schedule and any disputes or differences arising under it or in respect of it are to be determined by the appropriate courts in the relevant jurisdiction.

The cover

Subject to the terms and conditions of this Policy, We agree to indemnify You up to the Insured Percentage of the Insured Loss in the event an Insured Buyer fails to pay You an Insured Debt due to a Claimable Event. Our total liability under this Policy is limited to the Maximum Policy Liability.

Claimable Events

1. Insolvency

Insolvency in respect of an Insured Buyer is a Claimable Event and occurs when:

- a) an Insured Buyer initiates or becomes the subject of any procedure, action or proceedings pursuant to local bankruptcy or insolvency legislation which is uncontested and results in the Insured Buyer being recognised at law as being subject to a moratorium or in external administration or insolvency or winding up in insolvency; or
- b) a court appoints a receiver, liquidator, trustee or other similar external administrator or official under local bankruptcy or insolvency legislation to administer all or substantially all the assets of an Insured Buyer; or
- c) a composition by an Insured Buyer has been approved by a Court having jurisdiction or a compromise or arrangement has been made binding by the Court on that Insured Buyer and all that Insured Buyer's creditors; or
- d) an Insured Buyer enters into an unofficial compromise or settlement, in full and final settlement of its debts, with a majority of its creditors and which You are a party to with Our prior written approval; or
- e) circumstances exist which in Our opinion are equivalent to any one of the above.

Insolvency - Claimable Event Date

The Claimable Event Date for Insolvency will be:

- 1. In the case of (a) above, the date on which the bankruptcy, Insolvency, moratorium, or arrangement is deemed to have occurred according to the relevant law or regulations.
- 2. In the case of (b) above, the date on which the relevant court order or decision was made.
- 3. In the case of (c) above, the date on which the majority of creditors agreed to the compromise or settlement.
- 4. In the case of (d) and (e) above, the date We specify.

2. Protracted Default

Protracted Default in respect of an Insured Buyer is a Claimable Event and occurs when an Insured Buyer fails to pay You an Insured Debt within the Protracted Default Period, provided You have, within the Protracted Default Period, fully complied with all Your obligations in accordance with this Policy including, but not limited to, Condition 3.

The Protracted Default Period cannot commence or continue to run while an Insolvency of the Insured Buyer exists or while the Insured Buyer:

- 1. is entitled or obliged to refuse payment of an Insured Debt under any law or regulation; or
- 2. is obliged to refuse payment by a person exercising powers of government; or
- 3. claims that it is entitled to withhold payment of any part of an Insured Debt and We are satisfied that a Dispute exists between You and the Insured Buyer.

Protracted Default - Claimable Event Date

The Claimable Event Date for Protracted Default will be the date of expiry of the Protracted Default Period.

Conditions

1. If Policy requirements are not met

You must meet and continue to comply with all the terms and conditions of Your Policy. This is a condition precedent to Our liability under this Policy.

If You don't meet these terms and conditions, then to the extent permitted by law, We may:

- a) refuse to pay Your claim; or
- b) reduce the amount We pay for Your claim; or
- c) cancel Your Policy;
- d) avoid Your Policy from its beginning,

and exercise any other rights We have.

2. Policy cancellation

Cancellation by Us

We can cancel or void this Policy in accordance with the terms, conditions and exclusions of the Policy or by operation of applicable law or regulation, for example if You do not pay Us Your premium or if You told Us something that You knew to be incorrect or untrue at any time.

Cancellation by You

This Policy is non-cancellable. However, in the event You seek to negotiate to cancel or terminate this Policy prior to the expiry of the Policy Period, You are still required to pay Us all amounts calculated in accordance with the fees and charges noted in the Schedule and endorsements (including the Minimum Premium payable) and You are not entitled to receive any refund in relation to the premium paid or due to be paid.

Non-payment by You

If any premium or Other Charges (including any instalment of premium or Other Charges) are not paid to Us on or before the relevant payment date shown in the Premium and Instalments Schedule, We can give written notice to You of Our intention to cancel the Policy with effect from the 30th day after the notice has been served, but that cancellation will be prevented from taking effect and the Policy will continue if the late premium or Other Charges or instalments are paid and accepted before the cancellation takes effect. Without prejudice to other forms of service notice of cancellation is deemed to be served on the third day after being posted if sent by pre-paid letter post properly addressed.

3. Credit management and consultation

- a) You must at all times:
 - i) act reasonably and prudently with due care (as if You were uninsured) in providing credit to and withholding credit from an Insured Buyer;
 - ii) take all reasonably necessary steps and use Your best endeavours, in consultation with Us, to avoid or minimise any Insured Loss; and
 - iii) subject to paragraph (b) below, not agree in advance, either in a contract of sale or otherwise, to a postponement of the original due date for payment of an Insured Debt.
- b) If circumstances other than the occurrence of a Notifiable Event result in an Insured Buyer being unable to meet the original due date for payment of an Insured Debt, You may grant a postponement of the original due date within the Maximum Extension Period.
- c) When a Notifiable Event occurs You must:
 - i) notify Us in writing within 14 days; and
 - ii) continue to notify Us, in the format required by Us, monthly until either Insolvency occurs or a Notifiable Event no longer exists in respect of that Insured Buyer; and take all prudent and reasonable steps required by Us, including but not limited to the execution of documents, to enable Us to intervene directly in proceedings or negotiations relating to the Insured Debt in respect of Your actual or likely loss.

4. Local currency deposit

If You encounter delays or difficulties in obtaining payment from an Insured Buyer because of currency exchange transfer restrictions, You must ask the Insured Buyer to pay to Your account, or to deposit irrevocably with a bank in the country of the Insured Buyer for Your account at the due date for payment of the Insured Debt, the then local currency equivalent of the contract value of the goods.

Notwithstanding the cover provided under the other terms of this Policy, when such payment or deposit has been made, Our liability in respect of that Insured Debt ceases.

5. Co-insurance

- a) You must retain for Your own account all of the following (referred collectively to as 'Your Own Account'):
 - i) the portion of the Insured Loss that exceeds the Insured Percentage;
 - ii) the amount of any indebtedness of an Insured Buyer to You that exceeds the Permitted Credit Limit;
 - iii) any Deductible; and
 - iv) all indebtedness after the Maximum Policy Liability has been exhausted.
- b) You must not without Our prior written consent:
 - i) enter into any trade credit insurance policy that indemnifies You in relation to Your Own Account; or
 - ii) obtain a charge, mortgage, security, indemnity or guarantee of any type that secures Your Own Account but does not secure the Insured Percentage of the Insured Loss.

6. Disclosure

- a) You must disclose to Us in writing all material facts and information concerning or relating to this Policy, the Insured Buyers, Your dealings with the Insured Buyers and any likely claim under this Policy.
- b) You must, at Our request:
 - i) provide Us with any letters, accounts or other documents in Your possession or control; and
 - ii) take any reasonable steps to obtain for Us any information or documents in the possession of any third party,

relating to or connected with this Policy or Your obligations or any transactions between You and any Insured Buyer.

7. Reduction or cancellation of cover

- a) We may at any time and at Our sole discretion, give notice in writing to You reducing any Permitted Credit Limit or cancelling or varying the cover granted by this Policy in respect of any particular Insured Buyer or Approved Country.
- b) Any reduction or cancellation issued by Us will apply to all Shipments occurring at all times after the notice is given to You.
- c) Nothing contained in this clause should be construed to in any way limit the effect of Exclusion (f). Excluded shipments.

8. Currency - claims and recoveries

- a) This Policy is issued in the Policy Currency.
- b) The Permitted Credit Limits under the Policy, any other limits or Deductibles, premiums, Limit Management Charges and any other charges are expressed in the Policy Currency. These amounts will not vary according to changes in the exchange rate between the Policy Currency and any other currency, unless specifically agreed by Us in writing.
- c) For the purpose of calculating Our liability in the event of a claim, any part of an Insured Buyer's indebtedness invoiced in a currency other than the Policy Currency will be converted into the Policy Currency in accordance with the Conversion Exchange Rate and the resultant liability is to be paid in the Policy Currency.

- d) Recoveries received and/or accruing in a currency other than the Policy Currency will be converted into the Policy Currency at Your bank's telegraphic transfer buying rate of exchange as at close of business on the day of Your receipt, whether or not the currency is actually converted into the Policy Currency on receipt. Our share of any such Recoveries received and/or accruing after payment of a claim must be paid to Us in the Policy Currency.

9. Your Insolvency

- a) In the event of Your Insolvency, this Policy will terminate immediately. We will then have no liability under the Policy for any claims that have not already been submitted at the date of Your Insolvency.
- b) We are entitled to:
 - i) retain all premiums and other monies paid; and
 - ii) receive and retain all premiums and other monies due and payable to Us; up to and including the effective date of Your Insolvency but always not less than the Minimum Premium.

In this condition "Insolvency" has the same meaning as applied to an Insured Buyer under this Policy. See **Claimable Events**.

10. Joint insureds

In the event there is more than one Insured, each of the Insureds together will be treated for all purposes under this Policy as a single entity.

Representations by any of the Insureds will be considered representations of all, and breaches of any provision of this Policy by one will be considered breaches by all. The performance by any of the Insureds of any duty or obligation of the Insured under this Policy will be considered performance by all.

A Permitted Credit Limit, whether specified in a Credit Limit Endorsement or justified under Your Discretionary Credit Limit, applies to all Insureds collectively and is not available individually or independently to each joint insured, nor can You or any one or more Insureds claim that the Policy operates as a composite policy.

The rights of all Insureds under this Policy are joint while their obligations and responsibilities are joint and several.

We will be entitled to pay any sums due under this Policy to one or more of the Insureds as appropriate. Where a payment is made to one Insured under this Policy, We have no further obligations to any other Insured regarding that payment.

11. Declarations and Acknowledgements

In completing the Proposal and accepting this Policy You:

- a) declare and warrant that to the best of Your knowledge and belief the statements made in the Proposal were true and complete at the date of the Proposal and at the date when We agreed to issue this Policy; and
- b) declare and warrant that You are aware of Your duties to disclose and not to misrepresent to Us any matter that You know, or could reasonably be expected to know, is relevant to Our decision whether to accept the risk of this insurance and, if so, on what terms and to act with the utmost good faith at all times; and
- c) acknowledge that the Proposal which You have completed or have had completed, together with all other statements made in writing by You or anyone acting on Your behalf for the purposes of this Policy, is the basis for the issue of this Policy. In all cases information provided to Us in support of Your Proposal for this Policy is held to be provided on Your behalf.

12. Document management

We may hold documents relating to this insurance and any claims under it in electronic form and may destroy the originals. An electronic copy of any such document will be admissible in evidence to the same extent as, and carry the same weight as, the original.

13. Duty of fair presentation

- a) It is important that you have made a fair presentation of the risks which are insured by this policy, in accordance with the terms of the Insurance Act 2015.
- b) Your obligations in this regard, and our rights, are as set out in the Insurance Act 2015. We would advise you to obtain full details from your broker.
- c) If you have failed to make a fair presentation of the risk, this could lead to a reduction in the amount for which we will indemnify you, no payment being made under this policy, or the policy being treated as never having come into force in the first place, depending on the circumstances.

14. Online terms and conditions

You acknowledge that additional terms and conditions relating to and set out in an online support system may apply to You and You must ensure You and Your relevant employees are familiar with all the terms and conditions contained within the system.

15. Severability, construction and conformance to statute

If any provision contained in this Policy is, for any reason, held to be invalid, illegal, or unenforceable in any respect, it is hereby deemed to be severed and to have no effect on any other valid, legal and enforceable provision of this Policy.

If any provision contained in this Policy is, for any reason, held to be invalid, illegal, or unenforceable, it will be construed by limiting it so as to be valid, legal, and enforceable to the extent compatible with applicable law.

Any provisions of this Policy which are in conflict with the statutes or regulations of the state wherein this Policy is issued are hereby amended to conform to such statutes or regulations.

16. Representation

You consent to any person falling within the definition of the Insured having authority to give any notice to Us and to receive any notice from Us or our representatives in connection with this insurance.

You acknowledge that payment made by Us of any return premium to such person falling within the definition of the Insured will discharge in full Our obligations under the Policy.

17. Aggregate Liability

Our liability under this Policy is not additional to any benefit to which You may be entitled under a previous policy of insurance, whether the insurer of that previous policy was Us or another insurer and Our liability under this Policy will be limited to the Permitted Credit Limit less any amount still owing for goods Shipped and/or covered under that previous policy.

18. Allocation of monies

All amounts received in connection with insured or uninsured Shipments will be allocated in chronological order of due dates, unless and until Our written consent has been obtained.

19. Material changes during the Policy Period

You must notify Us within 30 days of any material change to You, Your business or the risks insured if indemnity under this insurance is sought in relation to any such change. We will not indemnify You for any liability arising out of a material change for which indemnity would otherwise have been available under this insurance unless We have provided valid confirmation of cover, whether by an express term of this Policy, endorsement, written confirmation or otherwise.

Exclusions and limitations

1. Unless specifically amended by endorsement, this Policy does not cover and We will not be liable to provide any cover, pay any claim or provide any benefit under this Policy in respect of any indebtedness:

a) Assignment

arising out of Your assignment of any rights or benefits under this Policy, unless We have given Our prior written consent to the assignee and the form of assignment;

b) Avoidance of contract

resulting from an Insured Buyer's avoidance (justified or not) of a contract concerning goods or services because the contract is void, illegal or unenforceable or because the Insured Buyer repudiates the contract;

c) Taxes and other charges, damages

relating to sales tax, excise tax, value added tax (VAT), goods and services tax (GST), retention monies, interest charges, penalties, government charges and taxes and any consequential damages or costs;

d) Consignment stock

relating to or arising from any transaction involving the transfer to or from goods held or to be held on a consignment stock basis by the Insured Buyer or its agent unless We have agreed to in writing beforehand, subject to specified conditions, to cover goods drawn out of consignment and You have complied with the specified conditions;

e) Pay when paid contracts

relating to or arising from any pay when paid contracts or any other agreements to sell to an Insured Buyer who is not unconditionally and irrevocably bound to pay a purchase price as agreed beforehand (for example goods Shipped on a sale or return basis or goods sold on a commission basis to a commission agent);

f) Excluded shipments

- i) relating to goods Shipped or services rendered to an Insured Buyer at a time when You are aware or ought, in the ordinary course of business, to be aware that a Notifiable Event exists (other than a Notifiable Event arising solely as a result of the Insured Buyer withholding payment on the basis of a Dispute);
- ii) after the applicable Permitted Credit Limit has been cancelled or reduced, and as a result is no longer available;
- iii) outside the Approved Countries;
- iv) where it is both legally and practically possible for You, using reasonable means, to stop carriage of the goods before they leave Your country or the country from which they are being exported.

g) Losses arising from a dishonest or illegal act

arising directly or indirectly from or caused by any dishonesty or illegal act by the Insured or a director, officer or employee of the Insured;

h) Disputed indebtedness

which is the subject of a Dispute between You and an Insured Buyer. Following resolution of the Dispute any amounts determined or agreed owing to You must be paid by the Insured Buyer within 30 days of the date of such resolution or the expiry of the Maximum Extension Period whichever is the later. Thereafter the sum will be overdue constituting a Notifiable Event. Any Maximum Extension Period is hereby deemed to be adjusted to include any such 30 day period;

i) Excluded transactions

relating to any personal or consumer transactions;

j) Non-credit terms

arising from cash in advance, cash on delivery or in any circumstance where You did not intend to grant a credit period, including any failure of a cash based instrument which inadvertently gives rise to a credit period;

k) Political Risks or Terrorism

directly or indirectly caused by Terrorism or Political Risks ;

l) Nuclear events

directly or indirectly caused by or contributed to, by or arising from:

- i) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- ii) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- iii) any weapon of war or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- iv) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes;
- v) any chemical, biological, bio-chemical, or electromagnetic weapon;

m) Legally enforceable indebtedness

relating to Shipments where:

- i) any of the licences or approvals or other authorisations necessary for due performance of the contract of sale of goods or services has not been obtained;
- ii) You or any of Your agents or assigns has failed to comply with any law, order, decree or regulation of any competent authority of the relevant Approved Country or has failed to comply with any law, order, decree or regulation of any competent authority of any other country with jurisdiction over You;

n) Non-recourse factoring

arising out of Your failure to comply with any of the provisions (a) to (c) in relation to recourse factoring. See Recourse factoring under the definition of 'Insured Debt';

o) Contracts exceeding Maximum Terms of Payment

arising out of contracts in which the terms of trade granted to an Insured Buyer exceed the Maximum Terms of Payment as specified in the Approved Countries & Conditions Table in the Schedule

p) Excluded contracts

arising from contracts with or between You and any of the following:

- i) any corporation which is a holding company, a subsidiary or an associate of Yours;
- ii) any Public Buyer;
- iii) any entity in which a director, secretary or partner of Yours has a controlling interest;
- iv) a person who has a controlling interest in You;
- v) any person who is a spouse, parent or remoter lineal ancestor, son, daughter or remoter issue, or brother or sister of any of Your directors, secretaries, partners or proprietors;
- vi) an entity where any of the persons referred to in (v) above has a controlling interest;

- vii) any entity where You have significant control or influence over the management of that entity whether directly or indirectly;
- viii) any registered charity; and
- ix) any person or entity where the Permitted Credit Limit is 'nil'.

In this exclusion, these terms have the following meanings:

“associate” means a corporation that has a director, secretary or shareholder with a controlling interest who is also a director, secretary or shareholder with a controlling interest in You;

“controlling interest” means at least 20% ownership.

2. Unless specifically amended by endorsement, this Policy does not cover and We will not be liable to provide any cover, pay any claim or provide any benefit under this Policy:

a) **Laws impacting cover**

to the extent that it is unlawful for Us to do so;

b) **Sanctions limitation and exclusion clause**

to the extent that to do so may expose Us or any member of Our group to any sanction, prohibition, or restriction under United Nations resolutions or any applicable trade or economic sanctions, laws or regulations of any country.

Claims

How to make a claim

You must comply with the provisions provided here, which are each conditions precedent to Our liability for any claim under this Policy and You must show that Your non-compliance with any of these clauses did not increase the risk of any claim for which We would otherwise have been liable under this Policy.

To make a claim under this Policy, You must submit a completed QBE Trade Credit claim form to Us.

You must notify Us of Your intention to claim within 14 days of becoming aware of any Claimable Event.

Claims must be lodged within three months of the relevant Claimable Event Date.

If You make any claim knowing it to be false or fraudulent in any way, We will refuse payment of the claim and may cancel this Policy.

How we settle claims

Subject always to all terms and conditions of this Policy, and after taking into account any interim payments and Recoveries and any applicable Deductible, We will pay You the Insured Percentage of the Insured Loss:

- a) in the case of Insolvency, within 30 days after We have received Confirmation of Debt;
- b) in the case of Protracted Default, within 30 days after:
 - i) We are provided with the judgment from a court of competent jurisdiction (or local equivalent) against the Insured Buyer in respect of an Insured Debt that exceeds GBP 5,000 (or its equivalent); or
 - ii) evidence to Our satisfaction that the Insured Debt exists and that all reasonable means (including the pursuit of legal action) to recover the Insured Debt has occurred without success.

Your rights

We will pay any sum due in respect of a valid claim within a reasonable time, pursuant to section 13A of the Insurance Act 2015.

You must commence any action against Us:

- a) pursuant to section 13A of the Insurance Act 2015 no later than 12 months from the date on which We have paid all sums due in respect of the claim; and
- b) in relation to any other claim or disputed claim under this Policy no later than 24 months following the Claimable Event Date.

Our rights

You must produce for examination, at any time and at a place designated Us or Our representatives, any and all documents in whatever medium as may be reasonably required which relate to any matter arising out of the Policy. You will allow extracts and copies to be taken without charge and will take all reasonable steps to obtain any documents that are in the possession or control of third parties.

Where documents submitted in support of a claim are in a language other than English, You must at Your expense provide a certified translation into English if required by Us.

Subrogation

- a) Whether before settlement of any claim under the Policy or at any time thereafter, You must at Our request transfer or assign to Us all rights and remedies, indemnities and advantages of whatsoever nature held by or available to You whether from the Insured Buyer or from other parties for the purpose of recovering or reducing an Insured Debt in respect of which a claim has been or is to be paid.
- b) Upon payment of a claim We will be fully subrogated to all such rights, remedies, indemnities and advantages of whatsoever nature held by or available to You whether from the Insured Buyer or from other parties for the purpose of recovering or reducing any Insured Debt and You must not, and must procure that anyone acting on Your behalf must not, waive any right of recourse or recovery against any other person in relation to a Claimable Event.
- c) You will at Our request and expense, and whether before or after We have paid Your claim, do and concur in doing and permit to be done all such acts and things as may reasonably be required by Us for the purpose of enforcing any rights and remedies or of obtaining relief or indemnity from other parties to which We will be or would become entitled or subrogated on Our paying Your claim.
- d) Should We agree to pay the claim, You will have a continuing duty to perform the obligations set out in the Policy and to use every reasonable endeavour to pursue Recoveries in cooperation with, or on behalf of, Us.

Recoveries

- a) You must co-operate fully with Us and sign all relevant documents required by Us to protect Our interests in any Recoveries.
- b) Any Recoveries received by You or Us must be held on trust for You and Us for our respective interests as specified in paragraph (c) below.
- c) Subject to paragraph (g) below, Recoveries are to be divided between You and Us as follows:
 - i) We are entitled to:
 - A. such proportion as the Insured Percentage of the Insured Debt bears to the total indebtedness of the Insured Buyer to You at the date that a Notifiable Event first occurs; plus
 - B. any other monies owing to Us for arrears of premiums or monies due under this Policy; plus
 - C. any monies required to maintain the impact of any Deductible; and
 - ii) You are entitled to the balance.
- d) You must notify Us in writing immediately when You receive any Recoveries.
- e) Subject to paragraph (f) below, Our proportion of any Recoveries received by You (calculated in accordance with paragraph (c) above), must be remitted to Us within ten days of receipt.
- f) If You receive Recoveries prior to submitting a claim or determination of a claim by Us, You are not required to pay Us Our proportion of Recoveries. In the event of an admitted claim, We will deduct Our proportion of the Recoveries from Our calculation of liability under this Policy as provided in cause (c) above.
- g) We are entitled at any time to make any claim or take any legal action in Your name against:
 - i) an Insured Buyer; or
 - ii) any third party that You are entitled to take action against, in respect of any Recoveries.

If We elect to do this, We will deduct all costs, disbursements and expenses We incur from the Recoveries. We will then divide the remaining Recoveries in accordance with paragraph (c) above.

Definitions

Approved Claims Currency

The currency in which You are entitled to lodge a claim.

The Approved Claims Currency is specified in the Schedule.

Claimable Event

An event covered by this Policy, being either Insolvency or Protracted Default.

See **Claimable Events** section for details.

Claimable Event Date

The date on which a Claimable Event is deemed by Us to have occurred.

See Claimable Events section for details.

Confirmation of Debt

Confirmation of Debt means the written confirmation of a debt owed to You by an Insured Buyer:

- a) at the date of Insolvency which is shown within the books and records of the Insured Buyer; or
- b) where a dividend is to be declared by the insolvent estate of the Insured Buyer, that You will rank for participation in any distribution for the amount of debt that Our claim assessment was based on.

by the person authorised to administer the insolvent estate of the Insured Buyer.

Conversion Exchange Rate

The rate of exchange between the currency in which that invoice is issued and the Policy Currency, determined by:

1. the Financial Times Closing Mid-Point exchange rate as at the close of business on the day the relevant goods or services were Shipped; or
2. the forward exchange rate contract, if one has been entered into with Your bank in relation to determining in advance the amount You are to receive in terms of the Policy Currency, if payment is made in the Approved Claims Currency as contracted by the Insured Buyer.

Credit Limit Endorsement

An endorsement issued by Us which specifies:

1. the approved Permitted Credit Limit in respect of the named Insured Buyer; or
2. that the Permitted Credit Limit is "Nil or O" reflecting that no cover is available.

It may contain special conditions adding to or amending the existing terms and conditions of this Policy in relation to the Insured Buyer.

A Credit Limit Endorsement is effective for Shipments on and after the date of endorsement unless otherwise stated.

All Credit Limit Endorsements that are issued within 30 days of the start date of the first Policy Period will be deemed effective from the start date of the Policy (but this will not apply to any continuous or subsequent Policy renewal).

Deductible

The amount of any loss You must absorb before We indemnify You under this Policy.

The amount of the Deductible is specified in the Schedule and defined by endorsement.

Discretionary Credit Limit

The amount up to which, according to the relevant Policy endorsement, You may set as a credit limit without consulting with Us.

The amount of the Discretionary Credit Limit is specified in the Schedule and the related terms and conditions are advised and defined by endorsement.

Dispute

Any unresolved, genuine and documented disagreement between You and the Insured Buyer, relating to any indebtedness that results in refusal by the Insured Buyer to pay You any amount owing.

Insolvency, Insolvent

See **Claimable Events** section for details.

Insured

See 'You, Your, Yours' definition.

Insured Buyer

A person or entity:

- a) carrying on business with You in any of the countries specified in the Approved Countries & Conditions Table in the Schedule;
- b) for which you have a Permitted Credit Limit during the Policy Period; and
- c) who is included in this Policy.

An Insured Buyer does not include a person or entity who is excluded under Exclusion (p) Excluded contracts.

Insured Debt

The amount of indebtedness arising out of the trade falling within the Description of Trade specified in the Schedule and:

1. is owing to You by an Insured Buyer; and
2. does not exceed the Permitted Credit Limit; and
3. is in respect of:
 - i) the invoice value of goods sold by You and Shipped to an Insured Buyer; and/or
 - ii) the invoice value of services that have been sold and rendered to an Insured Buyer, all of which must:
 - iii) have occurred within the Policy Period; and
 - iv) be pursuant to a contract of sale providing for repayment of the debt within the Terms of Payment specified for the Approved Country of the Insured Buyer in the Approved Countries & Conditions Table in the Schedule; and
 - v) have been invoiced by You within the Maximum Invoicing Period.

Further, on termination of this Policy the value of any services rendered as above which has not then been invoiced will continue to rank as an Insured Debt within the limits of this Policy, provided that Our liability ceases one month after the date of termination of this Policy in respect of any such work or services either not then invoiced nor already the subject of an admitted claim under this Policy.

Recourse factoring

The indebtedness of an Insured Buyer to You will not cease to be an Insured Debt under the Policy by reason only that it is factored (or discounted) with recourse to You with a factor or other financial institution, provided always that:

- a) if We require You to regain title to such debt in order to pursue Your rights in relation to the indebtedness You must be able to and do so within three business days of Our request to You; and
- b) all the provisions of the original contract of sale must remain; and
- c) We have been advised of and accepted such factoring or discounting facility in writing.

Failure to comply with any of the provisions (a) to (c) above will result in the debt ceasing to be an Insured Debt under the Policy.

Insured Loss

The amount of an Insured Debt that is either:

- 1. admitted to rank against the insolvent estate of the Insured Buyer; or
- 2. in the case of a Protracted Default only, so much of the Insured Debt that is confirmed to Us by evidence of a valid debt that is satisfactory to Us and is not the subject of a Dispute between You and the Insured Buyer,

after deducting any Recoveries.

Insured Percentage

The percentage of each Insured Loss that is indemnified by Us.

The Insured Percentage is specified in the Schedule.

Limit Management Charge

The charge to cover costs associated with the administration of buyer information including QCheck Opinions (where applicable).

The Limit Management Charge is specified in the Schedule.

Maximum Extension Period

The maximum number of days by which We have agreed that You may extend the original due date of an Insured Debt.

The Maximum Extension Period is specified in the Approved Countries & Conditions Table in the Schedule.

Maximum Invoicing Period

The maximum number of days after the date of the Shipment of goods or the rendering of services by which You must invoice the Insured Buyer.

The Maximum Invoicing Period is specified in the Schedule.

Maximum Policy Liability

The maximum aggregated value of claim payments available during the Policy Period for all Claimable Events.

The Maximum Policy Liability is specified in the Schedule.

Maximum Terms of Payment

Maximum Terms of Payment are as specified in the Approved Countries & Conditions Table in the Schedule or as varied by Credit Limit Endorsement and are the maximum terms and type of payment that are allowable by Us for each Permitted Credit Limit.

Notifiable Event

Any of the following occurrences:

1. circumstances arise to Your knowledge and which in the reasonable opinion of a prudent insured could give grounds for belief that an Insured Buyer may not (or may be unable to) perform or comply with its obligations under a contract of sale with You; or
2. an Insured Buyer is at any time, to Your knowledge, unable to pay its debts as and when they fall due for payment (including but not limited to having any legal action instigated where solicitors are instructed to serve a county court judgment, statutory demand or a winding up petition); or
3. an Insured Buyer's payment to You in respect of any indebtedness is dishonoured by the entity on which it is drawn, whether or not it is subsequently represented and met; or
4. any non-payment or extension or rescheduling of a debt past the Maximum Extension Period or where the Insured Buyer has admitted cash flow difficulties;
5. an Insured Buyer becomes Insolvent or an Insolvency administrator or practitioner is appointed to it; or
6. any part of an Insured Debt which including disputed Shipments, exceeds the Overdue Reporting Limit, is not paid to, and received in cleared funds by you by the last day of the Maximum Extension Period.

Other Charges

Other charges means Limit Management Charges, or any other charges made by the Insurer and payable by the Insured, salvage, Recoveries or any other monies owing where the Insurer has advised the Insured of a payment due date.

Permitted Credit Limit

Where a Credit Limit Endorsement has been issued:

The limit specified by Us in the Credit Limit Endorsement.

Where no Credit Limit Endorsement has been issued:

An amount not exceeding the Discretionary Credit Limit (if available) that has been established by You in accordance with the criteria outlined in the Schedule.

Policy Currency

The policy currency specified in the Schedule.

Policy Period

The period during which We have agreed to provide cover.

The Policy Period is specified in the Schedule.

Political Risks

Political Risks means any:

- a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war is declared or not), civil war, mutiny, revolution, rebellion, insurrection, uprising, military or usurped power, expropriation, nationalisation;
- b) requisition, sequestration or confiscation by order of any public authority or government de jure or de facto or martial law;
- c) act or order of any government, public or local authority restricting trade transfers;

but not including Terrorism.

Proposal

Means the proposal form, the credit management procedures and supporting documents or representations that You or Your agent provide to Us in writing for the purpose of assessing whether and on what terms and conditions We may issue You a policy.

Protracted Default

See **Claimable Events** section for details.

Protracted Default Period

The period referred to in the Schedule and which commences on the original due date for payment of an Insured Debt under the relevant contract of sale or, if that original due date is postponed (due either to action or inaction on Your part), the postponed due date.

Public Buyer

Public Buyer means an entity which conforms to at least one of the following criteria:

- a) a government or a ministry, department or agency thereof (hereinafter referred to as Government);
- b) a regional or local authority or a department or agency thereof (hereinafter referred to as Local Authority);
- c) a nationalised undertaking (including a public corporation) or a state trading organisation or an entity which the Government or Local Authority directly controls provided always that the Government or Local Authority has clear explicit and constitutionally sanctioned financial responsibility and a fundamental commitment to the continuing existence of such undertaking corporation, organisation or entity.

QCheck Opinion

Issued by Us, a QCheck Opinion provides You with a buyer credit limit assessment which serves as justification within Your Discretionary Credit Limit. The QCheck Opinion can be increased up to the amount specified in the Policy by using Your trading experience. If the QCheck Opinion is negative, You can override it by using other Approved Sources as endorsed under Your Discretionary Credit Limit. A QCheck Opinion is only applicable for cover up to the level of the Discretionary Credit Limit as specified by endorsement to this Policy.

A QCheck Opinion is effective from the date of the endorsement and is valid for 12 months unless otherwise advised. After this period, You will need to reapply for cover if still required. If You withdraw or surrender a "zero" QCheck Opinion then the "zero" decision will remain in place until its expiry unless a later positive QCheck Opinion is made that overrides the "zero" decision.

A QCheck Opinion is subject to the terms and conditions set out in the QCheck application form.

Recoveries

The value of all goods recovered (whether under retention of title or otherwise), all monies (including dividends paid or payable out of an insolvent estate), securities, indemnities, guarantees, rights of action, counterclaims, set-offs or other advantages held, received by or due to You or otherwise available for the purpose of reducing the amount of any indebtedness of an Insured Buyer to You (whether in respect of the payment for goods or otherwise) which has not been paid at the earliest Notifiable Event which remains unremedied.

Schedule

Schedule means the document titled Schedule that includes Your name and address, the premium and other variables to this Policy and any endorsements and which is incorporated into this Policy and accepted by You. Schedules may be re-issued from time to time where each successor overrides the earlier document.

Shipment, Shipped

In respect of goods:

1. where an Insured Buyer is located in the same country as You, the time (which must be within the Policy Period) at which the goods physically pass from You into the exclusive physical control of the Insured Buyer or its agent; or
2. where an Insured Buyer is not located in the same country as You, the time (which must be within the Policy Period) at which the goods have been physically passed to the first independent carrier in the process of being carried to the place where the Insured Buyer or its agent is required to accept them.

In the event You become aware of circumstances that would have compelled you not to ship goods

We will not consider goods Shipped in circumstances where it is both legally and practically possible for You, using reasonable means, to stop carriage of the goods before they leave Your country or the country from which they are being exported.

In respect of services:

The time when the service has been rendered to the Insured Buyer and promptly invoiced within the Maximum Invoicing Period after the work has been completed or services have been rendered within the Policy Period.

Subsequent Legislation

- a) an act or regulation as amended, replaced or re-enacted;
- b) where an act or regulation has been repealed, the current equivalent act or regulation with materially the same object or purpose whether in whole or in part.

Terms of Payment

The Terms of Payment specified in the Schedule.

Terrorism

Terrorism means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political or religious or similar purposes including the intention to influence any government and/or to put the public, or any section of the public.

QBE Trade Credit

We, Our, Us, the Insurer

The entity named in the Schedule as the Insurer.

You, Your, Yours, the Insured

The entity named in the Schedule as the Insured. It also includes any joint insureds named in the Schedule.

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