



Bharti AXA General Insurance Company Limited

Annexure IV

GENERAL PROVISIONS

Policy No :

Insured : **(NAME)**
(Address)

Please note that in this contract:

- i) Terms in **heavy type** are defined on pages 08 to 11,
- ii) Values corresponding to the terms in *italics* are specified in the Schedule.

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1 - THE CREDIT INSURANCE COVER

1.1 Commencement of cover

Provided that the **delivery** or the **shipment** of the goods, or the performance of the services, is carried out within the *insurance period* and that the corresponding invoices are sent to the buyer within the *maximum invoicing period*, the credit insurance cover we provide, for all undisputed **debts** to which the contract applies, will start as follows :

1) for sales of goods

- in your country : on **delivery**,
- for export : on **shipment** of the goods, or, if the goods are already abroad (on consignment, in bonded warehouse or exhibited at a trade fair) on **delivery**.
- if the goods are already abroad (on consignment, in bonded warehouse or exhibited at a trade fair) on **delivery**.

2) for services

on performance of the services for which payment is due.

1.2 Exclusions

1.2.1 This contract does not cover any **sales contract** you make with a **private individual** or with an **associated company**.

1.2.2 This contract does not apply to any **sales contract** under which payment is to be received:

- i) before **delivery** in your country and before **shipment** for export sales,
- ii) by means of an irrevocable letter of credit confirmed by a bank registered in your country.



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1.2.3 This contract does not cover any loss:

- i) which is in excess of the credit limit,
- ii) where you have not complied with any terms which may be attached to the credit limit,
- iii) relating to **deliveries, shipments** or performance of services made after we have refused or cancelled a credit limit,
- iv) relating to **deliveries, shipments** or performance of services made with :
 - a buyer for whom a **notification of adverse information** or **overdue account** has, or should have been given, if the **debt** remains unpaid,
 - at your knowledge, a buyer already declared **insolvent**,
- v) arising from a failure, by you or any one acting on your behalf, to fulfil your obligations under any clause or condition of the **sales contract**,
- vi) in the case of **cash against documents sales**, arising from the loss of control over the goods as a result of your failure to comply with any applicable rule or custom,
- vii) relating to **deliveries, shipments** or performance of services made without the necessary licence or, more generally, in violation of any applicable law or regulation,
- viii) arising directly or indirectly from :
 - nuclear explosion or contamination, whatever its origin,
 - a war, whether declared or not, between two or more of the following countries : France – People’s Republic of China – Federation of Russia – The United Kingdom – The United States of America.
- ix) sustained on interest for late payment or any penalties or damages.

1.2.4 Moreover, concerning the **sales contract** made with buyers domiciled in your country, this contract does not cover any loss arising from:

- **sales contract** made with government departments and local authorities,
- consequences of a decision taken by the government of your country that hinder the execution of the **sales contract** or prevent the payment of the **debt**.



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2 - RISK MANAGEMENT

2.1 General Principles

You must exercise due care in granting credit to your buyers, with regard to both the amount and the period of credit, and must manage all business which is covered under this contract with at least the same diligence and prudence as you would reasonably be expected to exercise were it not insured. You must also use all reasonable endeavours to preserve your rights against both your buyers and any third parties.

You must keep for your own account any portion of the risk not covered by us, unless we agree in writing.

2.2 Credit Period

2.2.1 The initial credit period you grant your buyers must not exceed the *maximum credit period*.

2.2.2 You may grant one or more extension periods, provided that the total duration of the credit period does not exceed the *maximum credit period*.

2.2.3 You must obtain agreement from us before you extend a **due date** :

- i) if the extended **due date** falls outside the *maximum credit period*,
- ii) for a buyer on whom we have cancelled a credit limit,
- iii) for a buyer for whom a notification of **overdue account** has, or should have, been made.

2.3 Notifications of Adverse Information or Overdue Account

You must notify us in writing:

- i) as soon as you become aware of any **adverse information** concerning a buyer,
- ii) as soon as you have information indicating that a buyer has become insolvent,
- iii) of any **overdue account** which remains unpaid at *the time limit for notification of overdue account*. In the case of **cash against document sales**, you will send us a

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notification of **overdue account** within 30 days of the arrival of the documents and the goods at the place of **delivery**.

iv) immediately of any sums you receive after you have notified us of an **overdue account**.

2.4 In case of **overdue account** you must take all measures as may be considered necessary, whether by you or by us, to prevent or minimise the consequences of the claim. You must pursue diligently and in good time any rights you may have over, including rights to recover goods or to protect your or our rights or to secure the payment of the **debt**.

3 - CLAIM PAYMENT

3.1 Payment level

We will pay the insured percentage of the **net debt** or of the credit limit if the **net debt** exceeds the credit limit.

3.2 Conditions of payment

The claim payment can only be made if you have duly complied with all the terms of this contract and have sent us all written evidence of the **debt** and the **security** possibly obtained and, if applicable, of the **insolvency** of the buyer.

3.3 Subrogation

We shall have full rights of subrogation to all your rights and actions in relation to the principal and the interests of the insured **debt** and to the **security** attached to it. You will give us any documents or titles we may require to exercise this subrogation effectively and will make any assignments or transfers required in our favour.

The subrogation will not relieve you of your obligation to take any such measures as may be deemed necessary to recover the **debt** and to comply with our instructions.



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3.4 Disputed debts

In the event of a **dispute** arising in connection with the **debt**, cover is suspended in respect of a claim until the **dispute** is resolved in your favour by arbitration or by a final court decision, binding on both parties and enforceable in the buyer's country.

3.5 Return of payment

We may require a claim payment to be returned to us if it subsequently appears that such a claim should not have been paid under the provisions of this contract and if, in the case of **insolvency** of the buyer, the **debt** is not subsequently admitted to rank.

3.6 Maximum liability

The total amount paid in respect of the claims relating to **debts** arising from risks in a single *insurance period* will not exceed the *maximum liability*.

4 - ASSIGNMENT OF THE RIGHTS UNDER THIS CONTRACT - ASSIGNMENT OF DEBT

You may only assign your rights to payment of claims to a third party namely the Loss Payee with our prior written consent. Your obligations under this contract will remain unaffected. The loss payee will have no more rights to payment than you, and our rights under this contract shall continue to be exercisable notwithstanding the assignment.

You may assign the **debts** to the financial institution acting as the loss payee, provided that you have assigned the right to payment of claims as described above.

5 - PAYMENTS

You will pay all amounts due from you under this contract as they fall due and will not be able to offset any payment you may consider we owe you, even if we recognise that a claim is payable.



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The payment of the premium will not alone give us the obligation to pay for a loss, as the loss will in any case be subject to the terms of this contract.

6 - CURRENCY

If the invoices are issued in a currency other than the currency provided for in the Schedule, the receipts will be converted into the *currency of this contract*, as follows:

◆ for calculating the **net debt** :

at the *exchange rate* in force on the last working day of the month that the relevant invoice was issued with any payments received in respect of that invoice being converted at the same rate.

◆ for the amounts recovered after payment of claim :

at the actual rate when you or we collected such amounts or failing such rate, the *exchange rate* on the value date mentioned on the bank credit note.

7 - ADVISING US OF CHANGES

You must inform us within 10 days of any substantial change in the information given in the application form, particularly in the nature or the scope of your activities or in your legal status.

We reserve the right, if your company is in state of **insolvency** or in case you cease your business activity, to terminate this contract with effect from the relevant event.

8 - RIGHT OF DISCOVERY

You undertake to allow us to exercise the right of discovery, and particularly you will provide us with any documents and/or certified copies relating to your **sales contracts** and will allow us to make any check, including verifying whether you have fulfilled your obligations and made your declarations in a complete, exact and truthful manner.



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9 - OBSERVANCE OF THE TERMS OF THIS CONTRACT

- 9.1** If you do not pay the premium, in whole or in part, within fifteen days of receiving a registered reminder from us, cover will be suspended for all of the **debts**. Cover will not be valid again until the full amount of the premium and the applicable interests and costs have been paid. We also reserve the right to terminate this contract.
- 9.2.** We have the right to terminate this contract, refuse to pay any claim and require any claim payment to be returned to us if any statement you made to us was false or incomplete especially when you applied for this contract, when you made a request for a credit limit or when a cause of loss occurs.
- 9.3** Any other failure to fulfil your obligations under this contract will forfeit your right to cover for the **debts** concerned and if a claim payment has already been made for this **debt**, you undertake to reimburse us for such payment.
- 9.4** In the event of the cover is, due to the non-observance of the terms specified in this contract, forfeited, suspended or in case of termination of this contract, no return of premium will be made by us and all premium payable will be immediately due.

10 - DEFINITIONS

ADVERSE INFORMATION

Any event you may become aware of which has led or may lead to a deterioration of your buyer's financial situation.

ASSOCIATED COMPANY

Any company directly or indirectly controlled by you, or which controls you directly or indirectly or is controlled directly or indirectly by the same company as controls you.

CASH AGAINST DOCUMENTS SALES

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Sales where the applicable terms of payment provide that you will keep title to the goods until full payment has been made to the body responsible for handing the documents of title over to the buyer.

DEBT

Amount of one or more invoices owed by the buyer under a **sales contract** and falling within the scope of this contract.

DELIVERY

The goods are considered delivered when they have been made available to the buyer or any person acting on his behalf, at the place and on the terms specified in the **sales contract**.

In the case of **cash against documents sales**, delivery occurs when the goods and documents of title arrive at the place of delivery.

DISPUTE

Any disagreement regarding the amount of a **debt** or the validity of your rights or **debts**, including any disagreement about setting off sums you may owe your buyer.

DUE DATE

Date when the buyer must pay for his **debt** according to the **sales contract**.

INSOLVENCY

Insolvency shall be deemed to occur in any of the following cases : -

- i) Where the Buyer is unincorporated, the Buyer has been declared bankrupt,
- ii) Where the Buyer is an incorporated company :

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- (a) a resolution is passed by the Buyer company to wind it up,
 - (b) an order for the winding up of the buyer has been made by a Court of Law on the ground that he is insolvent,
 - (c) an order for Administration of the Buyer's affairs has been made by a Court of Law for the benefit of all its creditors,
 - (d) a Receiver is appointed on behalf of debenture holders or other creditors of the Buyer.
- iii) Where the buyer is unincorporated or incorporated :
- (a) in the course of execution of a judgement obtained against the Buyer, the levy of executive has not satisfied the debt either in full or in part,
 - (b) the Buyer has made a valid assignment, or composition or other arrangement for the benefit of all his creditors generally,
 - (c) such conditions exist as are, by any other system of law, substantially equivalent in effect to any of the foregoing conditions.

NET DEBT

Corresponds to the balance of a loss account including:

on the debit side :

- the amount of the invoices, covered under this contract, issued for the goods sold or services performed, including, as appropriate :
 - ◆ the GST, if this tax is covered under this contract,
 - ◆ any interest payable up to the due date, but none that accrues thereafter,
 - ◆ the packing, transport, insurance costs and any taxes owed by the buyer, with the exclusion of any interests for late payment and any penalties or damages ;

on the credit side :

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- the amount of any **recoveries** received by you or by us up to the date of drawing up of the loss account and the total amount of the expenses that you did not have to pay as a result of the loss.

NON-PAYMENT

Non-payment of the **debt** by the buyer on the date, in the currency and in the place specified in the **sales contract**.

NOTICE / NOTIFICATION

Written notice received by you or us at your or our administrative address by mail, fax or by such electronic means as agreed upon by you and us in writing.

OVERDUE ACCOUNT

When a **debt** to which this contract relates has not been paid on the date, in the currency and in the place specified in the **sales contract**.

PRIVATE INDIVIDUAL

Refers to a person who buys goods or services for a purpose other than the purpose of his professional activity.

RECOVERIES

Any amounts received from the buyer or a third party, whether before or after the claim payment has been paid, including:

- ◆ any interest you or we receive on late payment,
- ◆ any **security** you or we realise,
- ◆ any credit note that you raise,
- ◆ any value arising from the exercise of any set-off,



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- ◆ any proceeds of goods you have, or could have, recovered or kept. Where goods have or could have been recovered or kept the value of the proceeds is the actual value you have obtained or 50 % of the invoice value - unless other percentage specified - where that is greater.

SALES CONTRACT

Any agreement in any form which is legally binding upon the buyer and the seller and which is for the sale of goods or services against payment of a price.

Sales made on approval are not considered as sales contracts

SECURITY

Any mortgage, charge, pledge, lien, personal guarantee or other encumbrance securing any obligation of a buyer.

SHIPMENT

Goods are considered shipped when they are handed over to a third party - generally a carrier - to take them to the place of delivery specified in the **sales contract**.