

## DEFINITIONS

- I. **Contract:** Written document comprising of these General Conditions, Special Conditions and the Questionnaire, which contain the obligations and rights agreed between the Insured and the Company.
- II. **Customer:** A commercial entity who incurs a debt to the Insured arising out of the Delivery of Goods or Provision of Services.
- III. **Credit Limit:** The maximum insurable outstanding amount allowed by the Insured for the Customer, based on the requested and granted First Line Limits as stated in art. 2.
- IV. **First Line Limit:** Limit granted by the First Line insurer to the Insured for each Customer. This includes temporary limits, but not additional limits granted through additional insurance products (e.g. especially top up)
- V. **First Line Insurer:** the insurer whose name and address are shown in the Special Conditions art. 2 and who sets the First Line Limits on the Insured's Customers.
- VI. **First Line Contract:** Credit Insurance Contract between the First Line Insurer and the Insured specified in the Special Conditions art. 2.
- VII. **Questionnaire:** The document completed truthfully and fully and signed by the Insured giving details of its activity, the profile of its sales ledger and its experience. This Questionnaire is attached to and forms an integral part of the Contract (appendix A).
- VIII. **Loss Threat:** Any event or information discovered by the Insured which is likely to give rise to a Customer's Payment Default.
- IX. **Loss:** The total amount of the debt that a Customer in Payment Default owes the Insured.
- X. **Claim:** The amount of a Loss that is insured under the conditions established in the Contract.
- XI. **Indemnity:** The amount of liability owed to the Insured by the Company regarding the eligible Payment Defaults of its Customers according to the terms and conditions of the Contract.
- XII. **Delivery of Goods or Provision of Services:** Goods delivered and invoiced, or in case of services provided and invoiced, by the Insured to the Customer and specified in the Special Conditions art. 1.
- XIII. **Maximum Payment Period:** The longest period of credit the Insured is permitted to allow the Customer, as specified in the Special Conditions art. 4 or as agreed in the First Line Contract - whatever is the shorter period.
- XIV. **Due Date:** The initial date, no longer than that specified in the invoice or similar written documents, by which payment is to be made by the Customer to the Insured.
- XV. **Overdue:** When a debt arising out of the Delivery of Goods or Provision of Services has not been paid on the initial Due Date.
- XVI. **Delivery Stop:** The date from which Deliveries of Goods or Provisions of Services by the Insured to its Customers is no longer insured. This point in time occurs either as agreed in the First Line Contract or when as a result of the prior Delivery of Goods or Provision of Services, Receivables become Overdue for more than the period stated in the Special Conditions art. 5 or if the Customer is in Payment Default or if there is a Loss Threats - whichever point in time ever occurs at first. If the First Line Insurer grants further cover despite the Delivery Stop, the Company accepts further cover under the Contract conditions, insofar the First Line Limit has not been cancelled.

Singular and Plural: For the purposes of the Contract, references to any defined or undefined terms in the singular shall include the plural and in the plural shall include the singular as the context requires.

Days: All references to "days" in the Contract refer to 24 hour consecutive days.

## 1. PURPOSE

In accordance with the General and Special Conditions and the Questionnaire, the purpose of the Contract is to cover the Losses sustained by the Insured following the Payment Default by its Customers and resulting from Delivery of Goods or Provision of Services, as described in the Questionnaire and set out in the Special Conditions art. 1.

## 2. AGREEMENT TO RISKS

The amount of the Credit Limit for each Customer is equivalent to the credit limit requested amount by the Insured under the First Line Contract less the First Line Limit granted pursuant to that request, but not more than the First Line Limit. Any additional conditions applied to the First Line Limit (e.g. additional securities, grace periods) have to be equally applied to the Credit Limit.

In the event of any First Line Limit reduction (the reduction) by the First Line Insurer:

- > the Credit Limit granted by the Company for the same customer will be limited to the amount outstanding, covered by the Company at the time of the reduction.

- > the future Credit Limit for that same customer is the result of the amount covered by the Company at the moment of the reduction multiplied by the coefficient of the First Line Limit after reduction to the First line Limit before reduction. Further reductions or cancellation are planned by the First Line Insurer, the Credit Limit will be calculated as per the original method explained in the first paragraph of the present article.
- > 6 months after the reduction and provided that no further reductions or/ cancellation have taken place and the Insured has no information that further reductions or cancellation are planned by the First Line Insurer, the Credit Limit will be calculated as per the original method explained in the first paragraph of the present article.

If the First Line Limit is reestablished at the same or higher level as at any moment during the 6 months following the reduction, the Credit Limit will be calculated as per the original method explained in the first paragraph of the present article.

## 3. RISKS COVERED

The risks covered are the ultimate finally ascertained losses resulting from unpaid Receivables from Customers in Payment Default, according to the conditions of the Contract.

### 3.1. Payment Default (insured event)

- 3.1.1. A Customer is deemed to be in Payment Default Company, when any of the following steps (or equivalent in effect under the law of any court having jurisdiction) have been taken against it.

(i) a bankruptcy or winding-up order has been made;

(ii) an administration order has been made over its affairs;

(iii) an effective resolution or order for the voluntary winding up has been made of the Customer's affairs;

(iv) a voluntary arrangement, composition or compromise, supervised by an insolvency practitioner or the like has been made which is binding on the Customer and all of the Customer's creditors;

(v) an administrator, receiver or liquidator or other similar official has been appointed on behalf of creditors of the Customer;

or where

(vi) circumstances exist which in the opinion of the Company are equivalent to any of these steps; or

(vii) the Insured demonstrates to the Company's reasonable satisfaction that it will be unproductive or uneconomical to pursue any legal proceedings, enforce or continue to enforce any judgment or to pursue or participate in any of these procedures against the Customer.

- 3.1.2. A customer is also deemed to be in Payment Default when the insured event Protracted Default is part of the First Line Contract and when this insured event occurs according to the conditions of the First Line Contract.

- 3.1.3. In all cases of payment default, the insured event occurs on the date when the First Line Insurer pays the contractual indemnity to the Insured, provided that: (1.) the relevant Loss of the Insured is covered under art. 3.2, and (2.) the relevant Customer of the Insured is covered as stated in art. 3.3. If the First Line Insurer has paid the indemnity to the Insured in circumstances where the First line Insurer is not obliged to pay the indemnity under the policy conditions of the First Line Contract, this is not an insured event in the Contract.

- 3.2. **Claims:** In accordance with the conditions of this Contract, Losses of the Insured are covered, provided always that:

3.2.1. Receivables result from the Delivery of Goods or Provision of Services within the dates specified in the special conditions art. 2 and before the expiry date of the Contract, and

3.2.2. Receivables have been invoiced either within 60 days of the date of the Delivery of Goods or Provision of Services or within the relevant period agreed between the Insured and the First Line Insurer - whatever is shorter, and

3.2.3. there are no disputes in respect of the Receivables and they are accepted as part of the Customer's liabilities in the context of the circumstances set out in article 3.1.1. above, and

3.2.4. no refunding or pay-back in respect of the Receivables has been officially published or announced in the frame of the circumstances set out in article 3.1, and

3.2.5. the Receivables have been invoiced in accordance with availability on the basis of an existing Credit Limit at that moment, and

3.2.6. the Maximum Payment Period does not exceed that recorded in the Special Conditions art. 4, and

3.2.7. the Insured has exhausted all reasonably possible collection actions, including enforcement of guarantees and other collaterals and exercising any right to retention of title, and

- 3.2.8. losses are in respect of a single Customer exceed the sum specified in the Special Conditions art. 10 a, and do not constitute a Non Qualifying Loss (NQL), and
- 3.2.9. the insured event has occurred within the duration of the present contract, unless run off is agreed in the First Line Contract; in which case run off is covered under the present contract to the same conditions as in the First Line Contract.
- 3.3. Insured Customers: In accordance with the conditions of this Contract, the sums due from Customers in Payment Default are insured provided that those Customers:
- 3.3.1. are registered as traders with the Registry of Commerce or other legal registry in accordance with the legislation of the country in which they are established,
- 3.3.2. have their domicile in one of the countries set out in the Special Conditions art. 6,
- 3.3.3. are independent of the Insured, both legally and financially, and the Insured nor the Customer exercises any control nor takes part in any way in the management or administration of each other's businesses.,
- 3.3.4. at the time of the signature of the Contract, they do not have any earlier undisputed invoices Overdue from the original initial Due Date for more than the days set out in the Special Conditions, art 5.
- 3.4. Onus of proof: In the event of a dispute arising between the Insured and the Company regarding a claim, it shall be incumbent upon the Insured to prove that it has complied with all the conditions of the Contract and has followed the credit and recovery procedures defined in the Questionnaire. In particular and for the avoidance of doubt, the communication, by the Insured, of the name of a Customer in the Questionnaire or in any other document, before or after the signature of the Contract does not in any way imply the insurance of risks associated with the nominated Customer.

Customer's liabilities or similar recognition by the judicial official responsible for the administration of the collective procedure.

- 5.7. give to the Company a copy of the First Line Contract including all general and special conditions, all policy endorsements and all limit conditions.
- 5.8. inform the Company immediately
- > when the First Line Contract comes to an end, and
  - > if concludes a different First Line Contract with the First Line Insurer other than the First Line Contract that was in effect at the beginning of the Contract, and to give to the Company a copy of this new First Line Contract including all general and special conditions and all policy endorsements and all limit conditions, and
  - > if concludes a First Line Contract with another First Line Insurer other than the First Line Insurer specified in the Special Conditions art. 2, and to give to the Company a copy of this new First Line Contract including all general and special conditions and all policy endorsements and all limit conditions.
- 5.9. give the Company the complete claims correspondence concerning the insured event between the Insured and the First Line Insurer including the First Line Insurer's calculation of the indemnity due or refusal to pay an indemnity and, on written demand by the Company, the First Line Insurer's credit limit decisions (such as reductions, cancellations, increase of the uninsured percentage retained by the Insured, reduction of the maximum credit period/maximum payment period).
- 5.10. provide in favour of the Company an appropriate loan security (such as guarantee, bond, letter of comfort) whenever and to the extent the First Line Insurer requires such loan security as a condition to grant or to continue granting coverage.
- 5.11. The Company is not responsible for the information/documentation provided by the policyholder and/or its broker towards legal and tax authorities. The Company esteems that the provided data are correct and resort to the responsibility of the policyholder.

## 4. CREDIT MANAGEMENT

The Insured shall manage the risks covered by the present Contract as if not insured by the Company and act at all times with due diligence, and in particular:

- 4.1. The Insured is obliged to:
- 4.1.1 monitor Due Dates, request payment and update the accounts in accordance with the procedures detailed in the Questionnaire; more generally, the Insured must carry out with regard to the Customer all necessary and reasonable steps in order to avoid and minimise any losses resulting from unpaid receivables.
- 4.1.2 comply with all of its obligations required by the First Line Insurer.
- 4.2. Should the Insured carry out Deliveries of Goods or Provision of Services to Customers
- > beyond the Delivery Stop established in the Special Conditions art. 5,
  - > who are in Payment Default
  - > when the Insured is aware of any event that may reasonably be expected to result in a Payment Default, or
  - > when the Insured has extended the initial Due Date more than the days stated in the Special Conditions art. 5.
- then these Delivery of Goods or Provisions of Services are excluded from coverage under the Contract.
- 4.3. The Company may request additional reporting at any time, and in particular for the purpose of verifying the Insured's compliance with the obligations contained in this section of the Contract and the truthfulness and completeness of the information contained in the Questionnaire. The Company has the right to carry out, through the Company's own employees or external agencies, any inquiries it deems necessary. The Insured shall co-operate fully in the carrying out of these inquiries.

## 5. CONTRACT ADMINISTRATION

The Insured undertakes to:

- 5.1. advise the Company within 30 days of the end of each insurance year the turnover achieved during the year. The Insured shall make a separate declaration of turnover for each country and for the total turnover. The turnover expected for the insurance year at the commencement date of the contract is stated in the Special Conditions art. 7.
- 5.2. advise the Company within 30 days of the end of each insurance year of the rate of acceptance by the First Line Insurer, calculated as follows: Total value of all First Line Limit granted by the First Line Insurer, divided by the total value of all First Line Limit requested by the Insured, multiplied by 100. The rate of acceptance at the signature of the [Contract] is shown in the Special Conditions art. 13.
- 5.3. give to the Company within 30 days of the end of each insurance year a complete list of all First Line Limits actually granted by the First Line Insurer.
- 5.4. inform the Company immediately in writing of Loss Threats.
- 5.5. communicate in writing to the Company all information useful for checking its performance of the Contract terms and conditions and in particular those relating to the calculation of Premium and the analysis of Claims submitted.
- 5.6. give written notice of Claims within 30 days of the date on which the Insured becomes aware of a Payment Default within the meaning of article 3.1, using a form approved by the Company, duly completed and signed (a pro forma of which is attached to the present Contract). The Insured shall in addition forward evidence of its compliance with its obligations under the Contract and in particular those specified in art 4.1 [1] of these General Conditions. The Insured shall also forward, as soon as possible, the proof of the debt's admission to the

## 6. PREMIUM

- 6.1. The amount and the method of calculation of the annual Premium is set out in the Special Conditions art. 8. The premium is payable within 30 days of the date the debit note is sent by the Company: The debit note will show:
- > the Minimum Annual Premium due at the time of signature of the Contract and then in case of renewal at the beginning of the new year of insurance.
  - > Any Additional Premium, if due by virtue of the Special Conditions Art. 8, immediately after the year of insurance.
- 6.2. The Minimum Annual Premium as specified in the Special Conditions art. 8 is non-refundable by the Company.
- 6.3. The Premium may be subject to any applicable insurance premium tax, if applicable, which is payable at the same time as the Premium.
- 6.4. It is agreed that the Company may set off Premium due from the Insured against indemnities due from the Company. This also applies if any indemnity is due to be paid a third party, for instance because of assignment. The Insured only has a right to set off or a right of retention if its Claim against the Company is undisputed or final and binding as a result of a judicial decision. The Insured may only assign its claims against the Company with the prior written consent of the Company. If the Company has consented, any claims correspondence and claims calculation will continue to be handled between the Company and the Insured.
- 6.5. The Premium, including all Additional Premium due to the Company, must be fully paid out for the Insured to be eligible to receive an indemnity.

## 7. INDEMNITY

Any Claim will be allocated to that year of insurance, in which the first unpaid Receivable for that Claim arose; the invoice date of the first unpaid invoice will be decisive. For each Claim the insurance conditions that are applicable will be those that are in force during that year, and will take into account the following:

- 7.1. Annual Aggregate Deductible (AAD): the aggregate sum of Claims to which the Insured is otherwise entitled under the Contract in each year of insurance, up to the amount specified in the Special Conditions art. 9 before the Insured is eligible for any Indemnity.
- 7.2. Percentage of cover: the percentage of claims covered in excess of the Annual Aggregate Deductible is that specified in the Special Conditions art. 11, but shall not exceed the percentage covered by the First Line Insurer. The uninsured percentage shall be borne by the Insured.
- 7.3. Limit of Liability: the maximum amount of indemnity payable by the Company each year of insurance. The Limit of Liability is specified in the Special Conditions art. 12. It is reduced by the indemnities paid and / or payable by the Company and increased by the recoveries obtained by the Company. See art 8 of these General Conditions.
- 7.4. Deductible per claim: the amount deducted from each indemnity as specified in the Special Conditions art. 10 b.
- 7.5. Calculation of the Indemnity: the Indemnity is:
- > the amount of the Claim relating to the Delivery of Goods or Provision of Services covered in accordance with art. 3.2. and 3.3. of these General Conditions as may be limited by:
    - the amount considered under the Credit Limit and
    - the Limit of Liability
  - > less the deductible Recoveries and the Receivables capable of off-set according to art. 8.2 of these General Conditions.
  - > less any part of the Annual Aggregate Deductible not yet used

- > the result then being multiplied by the applicable Percentage of cover and the Deductible per Claim then being applied – see Special Condition art. 10.

The Indemnity shall never exceed the final indemnification of the First Line Insurer, regarding a respective Loss.

- 7.6. Indemnity date of payment: the Insured may at any time request the Company to pay the indemnity due to it in accordance with the Contract terms and conditions. The Company shall pay the amount of this indemnity within 30 days of the receipt of all documentation and information requested by the Company for the acceptance of the Claim.
- 7.7. Subrogation: Upon payment of the indemnity by the Company, the Insured will subrogate the Company in respect of all the rights and actions which may belong to the Insured against the Customer or other, third parties for recovery up to the amount of the indemnity.

## 8. PAYMENTS, RECOVERIES

All payments and recoveries as well as Receivables that are capable of being off-set (such as and without limiting the generality hereof, sales returns, revenues out of retention of title or other credit securities and other rights, quota payments and the like) shall be deducted from the indemnification between the Insured and the Company pro-rata and in proportion to insured and uninsured Receivables at the moment the insured event takes place.

If it is not possible to ascertain whether payments and recoveries affect a covered or an uncovered Loss, those payments and recoveries are allocated pro-rata and in proportion to the Insured, the First Line Insurer and the Company in accordance with their respective participation in the Loss.

The Insured is obliged to give written notice of and provide evidence of any payments and recoveries immediately to the Company. This also applies where the Insured receives payments and recoveries after it has already been indemnified by the Company. In such cases the Company will provide a new calculation of the Indemnity and the Insured is obliged to refund to the Company any indemnity overpaid to the Insured.

## 9. EXCLUSIONS

- 9.1. Cover under the Contract shall be excluded for Claims resulting from war, occupation of territory by a foreign power, revolution, general strike, riots, acts of terrorism; confiscation, requisition or destruction of goods ordered by the public authorities, any phenomenon having a nuclear origin, whether directly or indirectly, or damage due to the direct or indirect effects of explosions or exothermic reaction; direct or indirect consequences of a volcanic eruption, an earthquake or other calamity, subsidence of earth or landslide or any natural catastrophe; exchange rate fluctuations and / or currency devaluation and the impossibility of transferring funds; any transactions made in breach of the laws or regulations of the country of destination, of the country of dispatch or of the Customer and the introduction of sanctions and import or export restrictions or any other form of embargo; due to not complying with the laws of the country of the Insured and / or Customer.
- 9.2. The following claims are also not covered: Sums due from any State, province, department, town or local authority or other public body which cannot be declared insolvent or subject to another form of collective procedure permitted by the civil courts of the Customer's country; from members of the public who are not engaged in commerce (for example, private consumers) ; from Customers who are dependent upon the Insured either legally or financially or over which the Insured exercises a control or takes part in any way in the management or administration of their affairs; Losses covered by another insurance.
- 9.3. The following sums are excluded from cover under this contract: Sums relating to VAT, other tax and customs arising from cross-border trade, loss on exchange, invoices issued which lead to exceeding the Credit Limit and Delivery of Goods or Provision of Services in contravention with art. 4.2; late payment interest, liquidated damages and interest, contractual penalties and costs relating to the resolution of disputes or litigation with Customers and any other Receivables arising from notification of defects or other complaints, goods manufactured or unfinished services that are not performed by the time the Insured event occurs.

## 10. INCEPTION – DURATION – RENEWAL

- 10.1. The present Contract is written for the period specified in the Special Conditions art. 3.
- 10.2. In the absence of any provision to the contrary contained in the Special Conditions, the contract shall commence upon signature by the Insured and the Company, subject to the condition precedent of payment of the annual Minimum Annual Premium in accordance with art. 6 of these General Conditions.
- 10.3. In the absence of any provision to the contrary contained in the Special Conditions, the contract is renewable by tacit agreement for another 12 months and on the same conditions as specified in the Special Conditions, unless one of the parties notifies its intention not to renew the Contract by giving notice by registered letter at least one month prior to the expiry of the Contract.

## 11. MODIFICATION, TERMINATION OR CANCELLATION OF THE CONTRACT

- 11.1. Change of First Line Insurer or of First Line Contract: The Contract automatically comes to an end immediately when the Insured no longer has a First Line Contract, i.e. either with the First Line Insurer mentioned in the Special Conditions art. 2, or with any other First Line Insurer. If the Insured concludes:
- > a First Line Contract with another First Line Insurer than the First Line Insurer mentioned in the Special Conditions art. 2; or
  - > a different First Line Contract with the First Line Insurer mentioned in the Special Conditions art. 2 other than the First Line Contract underwritten at the inception of the Contract with the Company,

the Company has the right to give notice of termination in writing of the Contract within 1 month from the moment the Company obtains knowledge of the change of First Line Insurer or of the change of First Line Contract.

- 11.2. Terms and Conditions of Cancellation: If the Contract is cancelled by the application of art. 11.1 of these General Conditions, and if no insurance Indemnity has been paid or is due to be paid to the Insured for the then current year of insurance, the Company shall reimburse the Premium paid pro rata, together with any applicable insurance premium tax.
- 11.3. If the occurrence of an insured event after the termination of the Contract is covered under the contract between the Insured and the First Line Insurer, the conditions of the First Line Insurer will apply to the Contract.
- 11.4. Non-Disclosure, false statements: The discovery of any non-disclosure, false statement, omission or inexact declaration by the Insured in the Questionnaire or in any correspondence with the Company shall give rise to the immediate and automatic retroactive cancellation of the Contract without the requirement for formal notice to be given.

In this event, the Contract shall be deemed never to have been agreed nor to have existed and the Insured shall pay back all indemnities paid by the Company whilst the Company shall retain the Premium paid by way of liquidated damages for its administrative time and interest. The Company and the Insured agree to apply set-off if appropriate.

## 12. CONSEQUENCES OF BREACHES OF THE CONTRACT

If the Insured fails to comply with any of the obligations expressed in the contract, the Company is not bound by any of its obligations as expressly or impliedly set out in the Contract.

The Company has used the questionnaire and other information provided by the insured to structure the policy. Therefore if this is not a fair representation of the risk to the Company, we reserve the right to invoke the remedies available under the Insurance Act of 2015.

## 13. TIME LIMITATION

The time limit for all disputes, claims or actions which might arise from the Contract is two years from the end of the calendar year in which the claim under the Contract arose.

## 14. JURISDICTION OF COURTS AND APPLICABLE LAW

The construction, validity and performance of the Contract shall be governed exclusively by the laws of Belgium without regard to any conflict of law principles. All disputes which may arise under or in connection with this Contract, including any determination of Indemnity, shall be subject to the exclusive jurisdiction of the Commercial Court in Brussels.

Documentation concerning conflict of interests, inducement policy and complaints handling are available on our public website.

Issued in Brussels in 3 copies on:

The Insured:

Authorised Signatories:

Signature: \_\_\_\_\_

Name:

Title:

Place:

Date:

Signature: \_\_\_\_\_

Name:

Title:

Place:

Date:

The Company: Credendo - Guarantees & Speciality Risks SA | NV, Avenue Roger Vandendriessche, 18, B-1150 Brussels, Belgium duly authorised by the Banque Nationale de Belgique with n° 2364.

Authorised Signatories:

Signature: \_\_\_\_\_

Name:

Title:

Place:

Date:

Signature: \_\_\_\_\_

Name:

Title:

Place:

Date:

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