

GENERAL PROVISIONS





GENERAL PROVISIONS

Please note that in this contract:

- i) terms in **heavy type** are defined
- ii) values corresponding to the terms in *italics* are specified in the relevant Schedule.

All references to 'we' and 'us' in the General Provisions, Modules and Schedule[s] shall be construed as follows:

Compagnie Française d'Assurance pour le Commerce Extérieur (the Insurer) and Coface UK Services Ltd or Coface Ireland Services Ltd (the Service Provider).



TABLE OF CONTENTS

1 The credit insurance cover and provision of services	Page 3
2 Risk management	Page 6
3 Claim payment	Page 9
4 Assignment of the rights of this contract - assignment of debt	Page 11
5 Payments	Page 12
6 Currency	Page 13
7 Advising us of changes	Page 14
8 Right of discovery	Page 14
9 Observance of the terms of this contract	Page 15

The contract and the cover provided are subject to the conditions precedent of cover included in the General Provision and the Schedule. Section 11 of the Insurance Act 2015 shall not apply to the conditions precedent. If the conditions precedent are not complied with, we may rely upon such non-compliance to exclude, limit or discharge our liability, even if non-compliance with the conditions precedent could not have increased the risk of the loss which actually occurred in the circumstances in which it occurred.

1 THE CREDIT INSURANCE COVER AND PROVISION OF SERVICES

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 contract period and that the corresponding invoices are sent to the buyer within the *maximum invoicing period*, the credit insurance cover and services we provide, for all undisputed **debts** to which the contract applies, will start as follows:

i) 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**.

ii) for services

- upon 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.

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,
 - with your prior 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 contracts** 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**.



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 have a duty to give a fair representation of the risk for which You are seeking cover. You will be in breach of this condition if You provide false or incomplete statements (especially when You applied for this Contract or made a request for a credit limit, an amendment or when a cause of loss occurred).

It is a condition precedent of cover that You 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

It is a condition precedent of cover that You 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 **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 the **debt**, 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 any **security** 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.

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 for payment in the **insolvency**.

3.6 Maximum liability

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

3.7 Embargoes

Our cover may not apply and we will incur no liability to pay a claim insofar that the provision of such cover and/or payment of such claim would cause us or any member of our group to be exposed to any sanction or penalty (including extra territorial sanctions) originating out of or related to United Nation's resolutions or trade or economic sanctions, laws or regulations of the European union or of any State, whether these sanctions existed at the inception of the **Contract** or were implemented during the duration of the contract.



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

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

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 that forms part of the contract, 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.

9 OBSERVANCE OF THE TERMS OF THIS CONTRACT

9.1 If you do not make the contract payments, 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 all outstanding payments and the applicable interest and costs have been paid. We also reserve the right to terminate this contract.

9.2 False or incomplete statements

a) If You fail to make a fair presentation of the risks deliberately or recklessly we may void your cover and retain the premium (we may treat the **Contract** as if it had never existed and we will not return your premium).

b) If You fail to make a fair presentation of the risks and it is not deliberate or reckless and, had We known about the risks, We would not have provided cover We may elect to void the cover and return Your premium.

c) If the failure to make a fair presentation of the risks and it is not deliberate and reckless and, We would have issued cover on different terms had we known about the risks, We may:

- Reduce the amount of cover proportionately to the premium (i.e. We would pay out a reduced amount reduced by the same percentage as the premium would have increased had We known of the risks) and/or
- Treat the cover as if extra or different terms were included in the **Contract** had We known of the risks.

-
- 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 that cover is forfeited or suspended, or in the event that due to the non-observance of the terms specified in this contract that this contract is terminated, no return of contract payments will be made by us and all contract payments payable will be immediately due.



COFACE
EGALE 1
80 ST ALBANS ROAD
WATFORD
HERTFORDSHIRE
WD17 1RP

T. 0800 085 6848
F. +44 (0)1923 478101

coface
FOR TRADE