

Cause of Loss Module

Consignment Stock

Delivery is extended to include the withdrawal by buyers of goods from Consignment Stock under the terms of your Consignment Stock Agreement.

The date of a consignment **delivery** is the date you submit the invoice to your buyer for the goods which your buyer has withdrawn or, should the **insolvency** occur before the invoices are issued, withdrawals in accordance with your Consignment Stock Agreement.

1. This module does not apply where a credit limit has been determined by you within your *discretionary limit* [if applicable] and you must hold a credit limit set by us or an @rating at the time of **delivery**.
2. Cover is valid only in the event of the **insolvency** of the buyer.
3. You shall have a valid and enforceable written Consignment Stock Agreement with your buyer.
 - 3.1 Any assessment of your Consignment Stock Agreement by us is purely for the purposes of covering you under this Contract and in no way shall be construed as a legal opinion as to the validity or legitimacy of the Consignment Stock Agreement.
 - 3.2 For the purposes of your contract with us any Consignment Stock Agreements must be in writing, signed and dated by both parties with terms of payment being within your *maximum credit period*.
 - 3.3 For the purposes of your contract with us you must ensure your Consignment Stock Agreement has the following components:
 - (i) An all monies retention of title clause stating goods remain your property until paid for in full

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- (ii) That goods are kept separate from the buyers stock and remain identifiable as your property
 - (iii) A precise description of the process and controls for delivery of stock and withdrawals of goods from consignment
 - (iv) That goods withdrawn from consignment must be notified to you in writing within 45 days. The notification must contain a description of the goods withdrawn and the quantity. You must raise an invoice for these goods within seven days
 - (v) That goods not withdrawn within maximum twelve months will be deemed withdrawn and automatically invoiced
 - (vi) That the buyer has responsibility for insuring and safekeeping of the goods
 - (vii) That you have a right to inspect at any time by giving reasonable notice
 - (viii) That goods to be used in rotation (if applicable)
 - (ix) A termination clause specifying procedure for mutual termination and circumstances allowing for immediate termination of the Consignment Stock Agreement
- 4** We shall not be liable for any **debt** arising from sales made from consignment stock if they were not established in accordance with the terms of this module.
- 5** In the event of a claim, we may require that an independent check of the consignment stock values be carried out at your expense.