

## Cause of Loss Module

### Pre-shipment risk – insolvency only

#### 1 Risk covered

This module covers the loss you sustain as a result of pre-shipment risk, i.e.: your inability to fulfil your contractual obligations, especially in regard to the manufacturing cost of goods that were ordered from you, insofar as this inability results directly and solely from the **insolvency** of your customer.

This module covers the expense incurred by you in the performance of the **sales contract**, from the date of commencement of cover to the date when these expenses were no longer incurred, plus any expenses resulting unavoidably, directly and solely from the occurrence of the risk (storage cost, legal fees, and reimbursement of down-payments).

#### 2 Conditions of cover

##### 2.1 This module does not apply where a credit limit has been determined by you within your discretionary limit [if applicable].

You must obtain a credit limit set by us for your buyer, and unless otherwise specified by us, the credit limit we provide applies to work carried out effective as of the date when we receive your request.

This credit limit sets the maximum outstanding balance covered, calculated as the amount of the **sales contract** covered for the pre-shipment risk plus the maximum outstanding balance covered for the credit risk. The credit limit may also set any specific conditions as may be applicable to the pre-shipment risk.

##### 2.2 This module does not cover:

- **Sales contracts** having a delivery period longer than the *maximum delivery period*, from the date of execution of the **sales contract** to the contractual date specified for the completion of deliveries;
- **Sales contracts** entered into, by, and between, you and a buyer for whom a **notification of overdue account** has, or should have, been given.

#### 3 Commencement of cover

Provided that all the conditions applicable to the credit insurance cover we provide are met, cover will start on the date of execution of the **sales contract**, i.e. when you and your buyer have approved all the provisions of the said contract in writing.

If commencement of the **sales contract** is subject to the fulfilment of a pre-condition, cover will only start on the date when such condition is met. In particular, for **sales**

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**contracts** that require a downpayment be made with the order will only be deemed to become effective, under this contract, on the date when you have collected this downpayment in your country.

### 4 Occurrence of loss

The pre-shipment loss will be ascertained as soon as the cause of loss mentioned in article 1 above has occurred.

### 5 Risk management

**5.1** You must notify us as soon as you become aware of any event that could cause the performance of the **sales contract** to be interrupted.

**5.2** You must take all measures required, either at your own initiative or as specifically instructed by us, to avoid or limit the loss, and in particular, you must withhold any procurement, work in progress or the shipment. If the cause of loss covered occurs before you have fulfilled your contractual obligations, you must not continue to perform the **sales contract** and dispose of any goods in your possession without our prior written agreement.

**5.3** You may not enter into a new **sales contract** with a buyer for whom a **notification of overdue account** has, or should have, been given.

If we decide, despite the occurrence of the cause of loss, that the work can be resumed, we will pay you for any additional costs that our decision could give rise to.

If it appears, after this decision, that your contractual obligations cannot all be fulfilled, or if we consider that such fulfilment is undesirable, the loss will be ascertained on the date of completion of the work.

### 6 Suspension or termination of cover

If the cause of loss has not occurred and we decide to suspend or terminate cover for the buyer, we will indemnify you, in respect of the **sales contracts** that would consequently cease to be performed, for any losses that would result from our decision, as stipulated in article 7.2 below.

### 7 Claim payment

**7.1** Conditions of payment

A claim payment can only be made if:

- You have sent us the **sales contract** and a **notification of overdue account** showing the amount of the loss for which payment is claimed, together with all written evidence of your rights, as soon as the loss is ascertained;

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- you have sent us a loss account established in the *currency of this contract*; the sums (expenses and income) paid for in any currency other than the *currency of this contract* must be converted at the *exchange rate* in force on the day of payment.

### 7.2 Loss calculation

The loss is made up of the balance of a loss account including:

- on the debit side:

the amount of the expense mentioned in article 1 above, after deduction of the value of goods (equipment and, if applicable, services) already shipped or performed and for which your buyer has approved the price and the dates of payment.

This amount is ascribed to the loss account up to a maximum value of 80% of the amount of the **sales contract**, after deduction of the amount of the **shipments** already made (or the services already performed).

- on the credit side:

the amount of the corresponding income (downpayments made by your buyer, proceeds from the reselling, or re-use value of the supplies ready for shipment or under production, and of the procured materials, proceeds from the realisation of securities and the collection of any indemnities, etc.).

### 7.3 Payment level

The claim payment is equal to the *insured percentage* of the balance of the loss account, as specified above, within the limit of the Credit Limit granted. In cases where article 7.4 below applies, the claim payment is equal to the *insured percentage* of the balance available on the Credit Limit for pre-shipment risk. The claim is paid within 45 days after the occurrence of the cause of loss.

- 7.4** In case of occurrence of a loss under a non-payment risk, the credit limit agreed will first be assigned to the loss sustained as for this risk. The possible difference will be assigned to the loss sustained as for the pre-shipment risk.

## 8 Expert investigation

We reserve the right to appoint a third party expert, in case of a loss, to verify the nature and amount of the loss you claim. You will provide this expert with all the information needed to perform the task and will give full access to your books and records.

If the expert investigation report confirms the figures you have specified in your loss account, or shows a reduction not exceeding 10% of the amount of this loss account, we shall bear the expert's fees. If the reduction is in excess of 10%, you will pay for these fees.

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### 9 Cost of cover

The premium payment payable for the pre-shipment risk is calculated by application of the rates specified in the Schedule – which applies to both the credit risk and the pre-shipment risk – to the declared turnover.