

**GLOBALLIANCE
CONTRACT**



GENERAL PROVISIONS

Please note that in this contract:

- i) terms in **heavy type** are defined on pages 11-13
- ii) values corresponding to the terms in *italics* are specified in the Schedule.



/ CONTENTS

1 THE CREDIT INSURANCE COVER	page 4
2 RISK MANAGEMENT	page 6
3 CLAIM PAYMENT	page 7
4 ASSIGNMENT OF THE RIGHTS UNDER THIS CONTRACT - ASSIGNMENT OF DEBT	page 8
5 PAYMENTS	page 8
6 CURRENCY	page 8
7 ADVISING US OF CHANGES	page 8
8 RIGHT OF DISCOVERY	page 8
9 OBSERVANCE OF THE TERMS OF THIS CONTRACT	page 9
10 DATA PROTECTION	page 10
11 DEFINITIONS	page 11

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 precedents. If the conditions precedents 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

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 duration of the contract 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:

- i) **for sales of goods**
 - in your country: on **delivery**,
 - for export: on **shipment** of the goods, if the goods are on consignment, in bonded warehouse or exhibited at a trade fair: on **delivery**.
- ii) **for services**
 - on performance of the services for which payment is due.

1.2 Restrictions to the scope of cover

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 before **delivery** in your country and before **shipment** for export sales, and/or 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,
 - at your knowledge, a buyer already declared **insolvent**,
- v) arising from a failure, by you or anyone 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) sustained on interest for late payment or any penalties or damages,
- ix) relating to **deliveries, shipments** or performance of services made to/or paid out of a **Third Country**, without a specific written consent from Coface.



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-owned buyers** and local authorities,
- a decision taken by the government of your country that hinders the execution of the **sales contract** or prevents payment of the **debt**.

1.3. Exclusions

This contract does not cover losses;

- i) incurred as a direct or indirect result of currency fluctuations and/or devaluations,
- ii) incurred as a direct or indirect result of a decision of the Government of your country which hinders and/or prohibits the export of goods or the performance of services and/or which prevents the payment of the **debt**,
- iii) incurred as a direct or indirect result of a civil war, riot, rebellion, terrorism, revolution or any similar event,
- iv) arising directly or indirectly from a;
 - nuclear explosion or contamination, whatever its origin,
 - natural disaster such as, but not limited to, volcanic eruption, earthquake, tidal wave, typhoon, flood
 - 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 USA
 - war between your country and the buyer's country



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, including rights to recover goods, or to protect your or our rights, or to secure the payment of the **debt**.



3 CLAIM PAYMENT

2.1 General principles

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.

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.

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 *contract period*.



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 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.



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 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 any 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 If you fail to observe the terms specified in this contract, and as a result cover is forfeited, suspended or the contract is terminated, we will not return any premium payment, and all premiums will become immediately due.



10 DATA PROTECTION

Data (including personal data) provided by you under this contract will be used for the management of your credit insurance contract and for the needs of our insurance activities and, as the case may be, our credit assessment, credit management and financing activities. Hence, data may be transferred for these purposes to our reinsurers, to Coface, its affiliates or CreditAlliance partners located outside the EEA. We refer you to our website www.coface.uk especially the Terms and Conditions link on the homepage which sets out our Data Protection Notice and forms part of this contract.

Regarding personal data, data subjects will be entitled, under the conditions provided for by English law, to access their personal data and to ask for their modification, erasure or blocking by contacting our service in charge of personal data protection at the following address: The Data Controller, Coface, Egale 1, 80 St. Albans Road, Watford, Hertfordshire WD17 1RP.

We may use personal data provided by you for marketing reasons, for example to inform you about our new products or those of our affiliates and about any changes to the existing products. Data subjects will have at any time the right to object to the use of their personal data for marketing reasons by contacting the Data Controller. You undertake to provide the data subjects, on whom we hold personal data, with the above Data protection information.



11 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

Sales where the 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.

COMMERCIAL RISK

Occurs when the loss originates directly and exclusively from the **private buyer's insolvency** or **protracted default**.

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

The date on which, according to the **sales contract**, the buyer must pay for his debt.

DUTY OF FAIR REPRESENTATION

It shall have the same meaning as given to it in the UK Insurance Act 2015.

GOVERNMENT-OWNED BUYER

Any central or local government department or any related agency, or any organisation controlled directly or indirectly by a government body, or any commercial company qualified by us as government-owned.



INSOLVENCY

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

- (i) The buyer has been declared bankrupt,
- (ii) A resolution is passed to wind the buyer up,
- (iii) An order for the winding-up of the buyer has been made the ground that he is insolvent,
- (iv) An order for Administration of the buyer's affairs has been made by a court for the benefit of his creditors generally,
- (v) In the course of execution of a judgment obtained against the buyer, the levy of execution has not satisfied the debt either in full or in part,
- (vi) The buyer has made a valid assignment, or composition or other arrangement for the benefit of his creditors generally,
- (vii) A Receiver is appointed on behalf of debenture holders or other creditors or the buyer,
- (viii) Such conditions exist as are, by any other system of law, substantially equivalent in effect to any of the foregoing conditions, and references to the buyer being **insolvent** shall be construed accordingly.

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 VAT, 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 interest for late payment and any penalties or damages.

On the credit side

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-TRANSFER

The occurrence of political events or economic difficulties or administrative measures in your buyer's country that prevent or delay the payment of the **debt** in the currency contractually agreed with your buyer and/or guarantor.

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**.

POLITICAL RISK

Occurs for export only, when the loss originates directly and exclusively from one of the following events;

- a **Government-owned buyer's protracted default**,
- a war, whether declared or not, between your buyer's country and a **third country**,
- a general moratorium declared by the authorities of your buyer's country and more generally any decision or legislation of the Government of the buyer's country prohibiting the payment of the **debt** and/or exempting your buyer from paying the **debt**,
- a legislation of any kind in your buyer's country prohibiting the import of goods and/or the performance of services,
- any **non-transfer** event in your buyer's country.



PRIVATE BUYER

Any buyer that is not qualified as a **government-owned buyer** under this contract.

PRIVATE INDIVIDUAL

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

PROTRACTED DEFAULT

Provided the **debt** falls under the scope of this contract; **when** your buyer has not paid the **debt** in whole or in part according to the **sales contract**, at the expiry of the *maximum credit* period, and no **dispute** has arisen in relation with the **debt**.

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 offset,
- 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 and consignment sales 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**.

THIRD COUNTRY

Any country other than where your buyer is domiciled.



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

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

coface