

Consignment Exports Policy (Global Entity) – (CGE)

A method increasingly adopted by Indian exporters is consignment exports where goods are shipped to exporters own branch office/subsidiary which receive and hold stocks ready for sale to overseas buyers as and when orders are received, find buyers and sell to them in accordance with the directions, if any, of his principal (exporter). Thus, a separate credit insurance policy as CGE is introduced to cover exclusively shipments made by exporters on consignment basis to their branch office/subsidiary.

Period of Policy: 12 months

Risks Covered:

- Commercial Risk on ultimate buyers
- Political Risk
- Insolvency Risk on the Global entity on conditions

Percentage of Cover: 90% for Standard Policyholder and 80% for others.

Important Obligations of the Exporter:

- Comply with the RBI guidelines.
- Processing fee of Rs. 4000/- (non-refundable) is payable.
- Premium is payable on quarterly or monthly basis in advance before commencement of risks and sufficient premium deposit is also to be maintained in advance based on your turnover projection at all times during the policy.
- Obtaining credit limit on ultimate buyers beyond the discretionary limit.
- Submission of Monthly declaration of shipments by 15th of the subsequent month along with statement of the stock with the agent and details of sales effected to the ultimate buyers.
- Notifying/Declaration of payments for bills that have remained unpaid beyond 30 days from its due date of payment, by the 15th of the subsequent month.
- Filing of claim within 360 days from the due date of the export bill or 600 days from expiry date of the Policy Cover, whichever is earlier.
- Initiating recovery steps including legal action.
- Sharing of recovery.

Highlights:

- Covers only the exports effected under consignment sale.
- Extended period for realization up to 360 days.
- Automatic cover on ultimate buyers up to discretionary limits subject to buyers being in a country placed in Open Cover category and not in the list of buyers on whom the Company has adverse information referred to as Buyer Specific Approval List (BSAL)
- Commercial risk on the Global entity for insolvency is covered on conditions.
- No Claim Bonus (NCB) of 5% subject to no claim, up to a maximum of 50%.