



ECGC LTD

FORM NO. : SP 101

Export of Services (Comprehensive Risks) Policy (SRC)

ECGC Limited

(Formerly known as Export Credit Guarantee of India Ltd.)

(A Government of India Enterprise)

Registered Office: ECGC Bhawan, CTS No. 393, 393/1-45, M.V.
Road, Andheri East, Mumbai-400069, India.

Policy Number :

Dated at :

On :

We, ECGC Limited (formerly known as Export Credit Guarantee Corporation of India Limited) hereinafter referred to as ("ECGC") have issued this POLICY, which is called the "Export of Services (Comprehensive Risks) Policy" to you, the Insured named in the Schedule to this POLICY ("the Schedule").

You have completed a Proposal in writing and applied to us for indemnity in respect of payments to be received from the buyers for the services rendered to BUYERS in pursuance of contracts of EXPORT entered into between you and the BUYERS. Now, therefore, in consideration of the Minimum Premium paid and the promise to pay further premiums that may become payable by you we have agreed to give you such indemnity subject to all the terms and conditions contained in the POLICY and payment of premium and other charges specified in the Schedule ("Premium Schedule").

Note: All the words and phrases shown in upper cases has been defined in this document and unless it is repugnant to the context or meaning, such definition given herein shall hold good for the interpretation of all words or phrases that have been defined.

We agree that we will indemnify you up to the Insured Percentage specified in the Schedule of the INSURED LOSS or upto the amount of the relevant CREDIT LIMIT available on the BUYER, whichever of the two amounts is lesser if any of the BUYERS fails to pay to you any INSURED DEBT by reason of any of the following INSURED PERILS, namely-

- The Commercial Risks or Buyer Risks:
 - (i) PROTRACTED DEFAULT, or
 - (ii) INSOLVENCY

And we will indemnify you upto the Insured Percentage specified in the Schedule of the INSURED LOSS if any of the BUYER is prevented from paying to you any INSURED DEBT or part thereof by reason of any of the following INSURED PERILS, namely -

- The Political Risks:
 - (i) INCONVERTIBILITY, or
 - (ii) CONTRACT FRUSTRATION, or
 - (iii) CONTRACT CANCELLATION

Notes for interpretation:

- Headings in the POLICY are used for case of reference only and are to be disregarded in construing the POLICY. Definitions of the terms in upper case type are given at the end of the POLICY;
- In the POLICY the singular includes the plural and vice versa;
- The words "the Insured" and "ECGC" when used in the Schedule or in any Endorsements forming part of the POLICY shall have the same meaning as references in the POLICY (other than in the Schedule or such Endorsements) to "you" or "your" and "we" or "us" or "our" respectively.

TERMS AND CONDITIONS

The POLICY is subject to the following terms and conditions and any failure or negligence on your part to comply with any of them may discharge us from our obligation to indemnify you.

1. YOUR PROPOSAL

Both you and we have specifically accepted your Proposal as being the basis of the contract contained in the POLICY and that the said Proposal forms part of the POLICY, By signing the Proposal and accepting the POLICY you warrant that the statements made by you in the Proposal were true at the date of the Proposal and at the date when we agreed to issue the POLICY.

You also warrant that you will immediately notify us of any material change to the information supplied in the Proposal form or of any other material facts affecting the POLICY.

These warranties do not limit any legal obligation or duty (at common law or otherwise) on you to disclose to us all material facts and circumstances and to act with the utmost good faith at all times.

At the time of any amendment, change, variation and/or addition to the POLICY you must disclose to us all material facts and circumstances and your failure to do so will render the amendment, change, variation and/or addition voidable at the discretion of ECGC.



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Obligations of the Insured

2. YOUR OBLIGATIONS

- (a) It is your duty to exercise reasonable care and prudence in granting credit to any of the BUYER.
- (b) You will take all practicable measures available to you to prevent any loss arising (to you and/or us) and should any loss arise, to minimize it;
- (c) After we have made a claim payment to you in respect of any BUYER you will continue to take all practicable measures including institution of legal proceedings to collect, realize or recover the INSURED DEBT and if required by us you will assign the relevant INSURED DEBT to us and we shall account to you for any uninsured proportion of any recoveries.

Your strict observance and adherence to your obligations under this policy as indicated above shall be a condition precedent to our liability to cover you.

3. NOTIFICATION AND CONSULTATION

- (a) If you have reason to believe that any BUYER is unable to or is likely to be unable to perform or comply with his obligations to you under any contract entered into with you including failure to pay a bill of exchange / an invoice on DUE DATE you must notify us immediately either in writing or electronically (with our approval) but in any case not later than thirty (30) days after you become aware of one or more of the circumstances mentioned above.
- (b) If as on the last day of a month an INSURED DEBT is remaining unpaid for thirty (30) days or more after its DUE DATE of payment, you must notify us in our prescribed form full details of all such payments remaining overdue and unpaid by not later than the 15th day of the next month;
- (c) In the event of the occurrence of any INSURED PERIL, you must notify us in writing immediately but in any case by not later than thirty (30) days after such occurrence;
- (d) In all the cases explained in (b) and (c) above you must –
 - (i) Continue to notify us every month in the format required by us until –
 - INSOLVENCY has occurred, or
 - a claim has been submitted to us, or
 - the INSURED DEBT has been paid or realized, - whichever is the earlier;



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- (ii) Provide us in writing without delay with any information which we may request following our receipt of notification in accordance with (a), (b) or (c) above;
- (iii) take all practicable measures available to you to prevent or minimize any loss in respect of the BUYERS.
- (iv) continue to take all prudent and reasonable steps which we may require, including institution of legal proceedings, in connection with any loss which you may have incurred or may be likely to incur. If requested by us to do so you shall execute such documents and take such actions as we may require of you to enable us to intervene directly in any proceedings relating to the INSURED DEBT.

Your strict compliance with the requirements under Condition 3 is a condition precedent to our liability.

4. EXTENDING DUE DATE OF PAYMENT

You must not agree to a postponement of the original due date for payment of any INSURED DEBT either in the contract for EXPORT or otherwise except when-

- (i) the need for such extension arises prior to the DUE DATE of payment and is being considered by you on an application from the BUYER received prior to such DUE DATE;
- (ii) the extension of the due date is not being implicitly accepted by you after the failure of a BUYER to pay on the due date;
- (iii) the extended credit period is in conformity with all the relevant and applicable regulatory requirements of the country for the time being in force, and
- (iv) you have obtained our written approval before granting such extension.

We will be entitled to decline to indemnify you of any losses unless the extension in due date of payment granted by you is in compliance with all of the above conditions.

5. LOSSES WHICH ARE NOT INSURED UNDER THE POLICY

The following sums are not insured under the POLICY and it is warranted that those sums are not insured under any other policy and remain at your own risk –



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- (i) so much of an INSURED LOSS as exceeds the Insured Percentage and
- (ii) so much any INDEBTEDNESS of any BUYER as exceeds the CREDIT LIMIT for that BUYER in case of commercial risks.
- (iii) So much of the loss that exceeds the AGGREGATE LIABILITY specified in the schedule, during the entire period of cover under the POLICY.

6. ASSIGNMENT OF YOUR RIGHTS UNDER THE POLICY

- (a) You shall not assign the POLICY or any benefits under the POLICY except with our written consent and complying with any requirements we may make;
- (b) If you assign the POLICY without first obtaining our consent then the POLICY will be void from the date of such assignment;
- (c) If you assign any benefits under the POLICY without first obtaining our consent then we shall not be bound by such assignment in respect of payment of any claim under the POLICY.

7. REDUCTION, VARIATION OR CANCELLATION OF YOUR COVER

We may at any time at our sole discretion by giving you notice in writing –

- Reduce the CREDIT LIMIT for a BUYER
- Cancel or vary the cover granted in respect of any BUYER, and/or
- Modify the country classification relating to risk rating attached to the country of a BUYER or the country of destination of your exports, if it is different from the former.

And any such reduction, variation or cancellation shall apply to all further exports to be made after you have received the written notice.

8. GIVING NOTICE

Any notice which we may give you under the POLICY including any notice relating to a CREDIT LIMIT, country classification and/or the reduction or cancellation of cover may be given –

- by ordinary post or by recorded delivery through a reputed private courier service to your address as stated in the Schedule or to any other address of which we have been notified by you for this purpose; or
- by facsimile or, by agreement, electronically.

Any notice sent by ordinary post or by courier service shall be deemed to be served on the third working day after posting



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or handing over to the courier or on your receipt, if earlier. For the purpose of this condition a working day means any day other than a Saturday or Sunday or a day that is a public holiday in the place to which the notice is addressed.

Any notice sent electronically, including by facsimile, shall be deemed to be served on viewing by you or on the first working day after transmission, whichever is the earlier.

9. CURRENCIES

- (a) The currency of the POLICY is Indian rupees;
- (b) The CREDIT LIMIT specified is rupee limits and any amounts payable under the POLICY are payable in rupees;
- (c) When you make a contract with any BUYER which provides for payments in a currency other than rupee, then the invoice value for the EXPORTS made shall be converted into rupee for declaration purposes at the rate of exchange ruling in the foreign exchange market in India as at the close of business on the date on which you raised the invoice. The rate of exchange for each invoice shall be recorded in your records and a total of the rupees items shall be declared;
- (d) The same rate of exchange as that used for declaration purpose shall be used for the purpose of calculating our liability if a claim arises except that any amount collected or realized in a foreign currency and applicable towards reducing the INSURED DEBT shall be converted into rupee immediately and applied to arrive at the INSURED LOSS. If the currency in which the BUYER has to make payment is devalued before the claim is paid the amount payable will be arrived on the basis of the devalued rate.

10. POLICY PERIOD, PREMIUMS AND CHARGES

- (a) The validity of the Policy is for a period of one year or as specified in the Schedule. At the end of the first or any subsequent renewal period, either you or we may elect to terminate the policy by giving notice to the other in writing before the close of such period.
- (b) In the event that you wish to terminate the POLICY before the end of the Period of Cover we shall be entitled –
 - (i) to payment of all premium due and payable in respect of prior Period of Cover, and
 - (ii) to retain the full amount of the Minimum Premium paid;



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- (c) Incidence of premium: You are liable to pay premium on the GROSS INVOICE VALUE of all your EXPORTS made during the Policy Period at the rates set out in the Premium Schedule or, as the case may be, at such other rates for the time being in force;
- (d) Minimum Premium: You have paid to us in consideration of our issuing of this Policy to you, the Minimum Premium specified in Schedule. No part of the said Minimum Premium shall be refundable or be carried forward under any circumstances, whatsoever;
- (e) Advance Deposit Premium Account: You shall maintain an Advance Deposit Premium account with us for the purpose of facilitating due payment of premium that becomes due on your EXPORTS. The amount of credit balance available in your Advance Deposit Premium account on the last day of particular month shall not be lesser than the total amount of premium that would be due on the value of EXPORTS to be made by you during the immediately succeeding month;
- (f) On receipt of your monthly declaration of EXPORTS, we will calculate the premium due and payable by you on the EXPORTS made and declared by you at the relevant rate(s) specified in the Premium Schedule and adjust it initially against the amount of Minimum Premium and thereafter against the amount available to your credit in your Advance Deposit Premium account with us. You shall ensure that there is adequate amount available to your credit in your Advance Deposit Premium account with us for adjustment against the premium due and payable on the EXPORTS declared in your monthly declaration of EXPORTS. At no point of time there shall be a debit balance in your Advance Premium Deposit account. If, nil or insufficient balance is available in your Advance Deposit Premium Account to meet the full premium due on the contract for exports, ECGC shall have no liability to indemnify you for losses in respect of those exports but you shall not be absolved of your obligation to pay the amount of premium that was due thereon;
- (g) When you submit an application to us for approval or enhancement of Credit Limit on a BUYER, you shall remit to us such fees/charges as may be specified by us in the credit limit application form.

Payment of the premiums and other charges in accordance with provisions under Condition 10 is a condition precedent to our liability.



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11. DECLARATION OF EXPORTS

- (a) You must from the beginning of the calendar month following the first month of the Policy Period, submit to us in the form prescribed by us a Declaration of EXPORTS made by you. Such monthly declarations must be, submitted every month by not later than the 15th day of each calendar month and shall contain particulars of all EXPORTS made by you during the month immediately preceding the month of declaration;
- (b) Until the relevant declaration of EXPORTS is received by us, no premium would be adjusted. Availability of adequate credit balance in your Advance Deposit Premium account will not absolve you of your obligation for timely submission of the declaration of EXPORTS;
- (c) Your failure to submit the monthly declaration of EXPORTS made by you and/or to ensure due payment of the premium due thereon in strict compliance with the requirements under this Condition will absolve us of all our liability to indemnify you under this Policy while at the same time you will still be liable to pay to us the amount that was due as premium on all such EXPORTS;
- (d) Any surplus in your Advance Premium Deposit account after adjustment towards premium due on EXPORTS made and declared by you will be carried forward and will be available for adjustment in subsequent months;
- (e) Any modification in the risk rating attached to the country of the BUYER will affect the rate of premium payable on your EXPORTS. When such a modification is notified to you in pursuance of Condition 7, the rate of premium payable on all your EXPORTS to that country made on or after the date specified in the notice (not being prior to the date of notification) will be at such modified rate.

Your completed monthly declarations of EXPORTS in our prescribed form giving full details of all the EXPORTS made by you during each month of the Policy Period must be submitted to us by not later than the 15th day of the month immediately following the month of EXPORTS, in strict compliance with the requirements under Condition 11, is a condition precedent to our liability.

12. WAITING PERIOD

We shall not be liable for any loss until the expiry of the relevant waiting period which shall be:



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- (a) In case of PROTRACTED DEFAULT four months from the relevant DUE DATE of payment;
- (b) In case of INSOLVENCY, four months from the DUE DATE of payment or one month after the occurrence of INSOLVENCY, whichever of the two dates is the earlier;
- (c) In the case of INCONVERTIBILITY, four months from the DUE DATE of payment or one month from the date of occurrence of inconvertibility whichever of the two dates is earlier;
- (d) In all other cases, unless otherwise specified by us, four months from the date of occurrence of the event which is the cause of the loss.

13. CLAIMS

- (a) If you make any claim knowing it to be false or fraudulent in any way, the POLICY will be void and all claims under it will be forfeited. In addition you will immediately have to repay any sums that we have previously paid under the POLICY. In such circumstances we shall be entitled to retain all the premiums paid by you under the POLICY;
- (b) For a claim to be payable under the Policy you must submit a claim on our prescribed form completed in all respects and duly endorsed by your banker within 360 days from the respective due date of payment or 540 days from expiry of the Policy, during which period the relevant insured debt/export was effected, whichever is earlier;
- (c) Any amount payable to you under the POLICY will be paid to you through the bank that handled the relevant export documents and undertook collection of the export proceeds. You must irrevocably authorize the bank to accept such payments on your behalf and you agree that acceptance of payments from us under the POLICY by your banker shall discharge us of our liability to you in respect of such payments;
- (d) The liability of ECGC under this policy for losses occasioned owing to any of the Commercial Risks, namely PROTRACTED DEFAULT or the INSOLVENCY of any of BUYERS shall be limited to the amount of CREDIT LIMIT for the BUYER.
- (e) Subject to condition 18 and the amount of CREDIT LIMIT and other provisions of the POLICY we will pay to you the Insured Percentage of the INSURED LOSS after we have ascertained the cause of loss and the amount of loss. We will not be liable to ascertain the cause of loss or the amount of loss and no claim shall become due for payment –



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- (i) Until you have submitted a claim to us in our prescribed form duly completed in all respects together with all relevant information and such supporting documents as we will specify as necessary for the purpose of establishing the occurrence of INSURED PERIL and for ascertainment of INSURED LOSS;
- (ii) If, in the case of loss arising out of Commercial Risks, the BUYER claims that he is entitled to withhold payment of all or any part of the INSURED DEBT for any reason whatsoever including but not limited to allegations relating to quality, quantity, etc., in respect of your present or past EXPORTS, or raises a counterclaim or claims for any set-off, etc. and we are satisfied that a dispute exists between you and the BUYER which has not been resolved by appropriate legal or other proceedings. It is clarified that the disputes raised or allegations made by the BUYER need not necessarily relate to an INSURED DEBT.

14. RECOVERIES AND ITS SHARING

- (a) After payment of a claim by us, you must take all steps that may be necessary or which we may require you to take to effect recoveries whether from the BUYER or from any other person from whom such recoveries may be made;
- (b) If, with reference to a claim payment, we require you to do any one or more of the following for the purpose of effecting recoveries, you must do so :
 - (i) Refer it to a debt-collecting agent on such terms as we may approve;
 - (ii) Appoint an advocate, solicitor or attorney to take legal proceedings against the BUYER or against his insolvent estate;
 - (iii) Assign and transfer to us or to our nominee all your rights under the relevant contract for sale, including your right to damages for any breach;
 - (iv) Deliver up to us or to our nominees any documents relating thereto in respect of which a claim payment has been made and assign and transfer to us your right and interest in any documents;
 - (v) Assign, deliver or otherwise transfer to us or to our nominee any negotiable instruments, guarantees or other securities relating to such EXPORTS.



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- (c) All costs and expenses reasonably incurred by you for the purpose of effecting recovery of an INSURED DEBT as evidenced by invoices rendered to you by the debt collection agency or solicitors / attorneys will be a prior charge on the amounts collected or recovered. Your administrative costs will not form a part of such costs and expenses.
- (d) The amounts recovered either by you or by us net of costs and expenses of recovery must be shared between you and us in the same proportion as the relevant losses were shared. This condition shall apply even when the amount of our share in the amounts recovered, because of exchange fluctuations or for any other reason, exceeds any amount previously paid by us to you under the indemnity provisions of this POLICY. You must remit to us our share in all the sums so recovered forthwith upon its receipt by you. Until such payment is made to us you will be holding such sums in trust for us.

15. COLLECTION AND LEGAL COSTS

- (a) When we require you to do so, you must –
 - refer the account of a BUYER to a debt collection agency which we may nominate; or
 - appoint a solicitor whom we may nominate to take legal proceedings against a BUYER to obtain payment of any undisputed INDEBTEDNESS;
- (b) We may not contribute towards collection and legal costs, unless agreed otherwise in writing. In the event we agree to contribute towards your collection and legal costs, our contribution to collection and legal costs relating to the INSURED DEBT will not exceed the percentage we shall be entitled to as our share if and when the debt is collected or recovered. Where the INDEBTEDNESS of a BUYER at the relevant time exceeds the INSURED DEBT, our contribution will not exceed such percentage share in the proportionate costs that is apportioned to the INSURED DEBT;
- (c) We will not contribute towards:
 - (i) Your administrative costs; or
 - (ii) Legal costs incurred for the purpose of establishing the BUYERS liability in respect of any disputed indebtedness.

It is a condition precedent to our agreeing to contribute towards collection and legal costs that you have complied with all the terms and conditions of the POLICY in respect of the INSURED DEBT to which the collection and legal costs relate.



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16. INSPECTION OF DOCUMENTS

- (a) We may at any time inspect your documents and records and examine and take copies of any letters, accounts or other documents in your possession or control which relate to or are connected with the POLICY or any transaction between you and any BUYER;
- (b) If we so request, you must supply us with any information in your possession and must also take all reasonable steps to obtain for us any information or the sight of any documents in the possession of any third party relating to or connected with the POLICY or any transaction between you and a BUYER.

17. LOCAL CURRENCY DEPOSIT AND APPLICATION FOR ALLOCATION OF FOREIGN EXCHANGE

- (a) If you experience delays or difficulties in obtaining payment from any of the insured buyer's countries included in the Schedule of Countries due to exchange transfer restrictions, you shall require the BUYER concerned to pay to your account (or deposit irrevocably with a bank in the BUYER'S country for your account) at the due date of payment of the INSURED DEBT or as soon as you are aware of such delays or difficulties, the local currency equivalent of the contract value of the goods unless we agree otherwise in writing;
- (b) Where we agree in writing that a BUYER need not make a local currency deposit, then you shall require the BUYER concerned to apply to the relevant authority for approval of the foreign exchange allocation in respect of the INSURED DEBT.

18. AGGREGATE LIABILITY

Our aggregate liability for payment of claims under the POLICY for losses suffered by you in respect of any part of the INSURED LOSS remaining unpaid, or losses arising out of Insured Perils on any BUYER shall not exceed whichever of the amounts is the lesser between –

- the Insured Percentage of the INSURED DEBT;
- the amount of CREDIT LIMIT available to you on that BUYER as on the date of relevant EXPORT.

19. CANCELLATION OF THE POLICY ON YOUR INSOLVENCY

Upon your INSOLVENCY or the INSOLENCY of any party named in the Schedule as the Insured, we may terminate the POLICY with effect from the date of such



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INSOLVENCY. In the event of such termination by us, we shall be entitled to retain all premiums paid and to receive and retain all premiums due and payable up to and including the effective date of such INSOLVENCY.

20. LAW AND JURISDICTION

The construction, validity and performance of the POLICY and any disputes between you and us shall be interpreted in accordance with and governed in all respects by Indian Law. You agree that no other courts (which expression shall include tribunals and other judicial forums constituted under any special statute) than those either at Mumbai or at the Place of Issue specified in the Schedule shall have jurisdiction over any matter arising out of concerning or relating to this POLICY.

EXCLUSIONS

1. Unless we have agreed otherwise in writing (which we shall not be obliged to do) this Policy shall not apply to any EXPORT –
 - (a) that is made under a contract or agreement which does not specify the exact nature of EXPORTS to be effected, the cost of EXPORTS or the DUE DATE of payment and the currency in which the payment is to be made; or
 - (b) that is invoiced in a currency not permitted by the exchange control laws, rules and/or regulations for the time being in force in India; or
 - (c) that involves granting of credit period longer than 180 days from the date of EXPORT.
2. And, we shall not be liable for losses if under your contract for EXPORT payment of the invoice value for the exports is to be received under a documentary letter of credit.
3. And, we shall not be liable for losses where the BUYER is one of your associated companies or subsidiaries or you have any direct or indirect interest in or connection with the BUYER unless we have agreed in writing to the contrary.
4. And, we shall not be liable for any loss arising out of :
 - (a) Your continuing to perform an EXPORT contract between you and a BUYER when the BUYER is in breach of any of his contractual obligations to you, including non-payment of the amounts that had become due and payable to you under the contract unless we have agreed to the contrary in writing;



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- (b) Your failure of the failure of any of your agents including a collecting bank or any other intermediary to fulfill any of the terms and conditions of or relating to the contract between you and the BUYER or between you and that agent;
 - (c) Your failure or the failure of your agents or the BUYER to comply with the local laws and regulations unless prevented from such compliance by a law or order/decreed or regulation in force in BUYER'S country;
 - (d) Failure or inability of the BUYER to obtain any approval from any authority and necessary as at the time of your performance of the contract under the regulations of the BUYER'S country or of the country in which the contract is to be performed by you and/or to pay for them as contracted and invoiced;
 - (e) Currency fluctuations and/or devaluations including but not limited to any shortfall between the INSURED DEBT and the value of the local currency deposit as at the date of that deposit or at the date of completion of transfer formalities whichever is the later.
5. And, we shall not be liable for any loss in respect of a contract for EXPORT of any of the services specified under 'Services Excluded from Cover' in the Schedule
6. And we shall not be liable for any loss in respect of which you have not submitted your claim on our prescribed claim form, completed in all respects and duly endorsed by your banker, within 360 days from the respective due date of payment or 540 days from expiry of the Policy, during which period the relevant insured debt/ exports was effected, whichever is earlier.

DEFINITIONS

1. Aggregate Liability:

"Aggregate Liability" means the aggregate maximum amount of claims admissible under the policy and shall be the amount specified as such in the schedule subject to any enhancement thereof by an endorsement attached to the policy.

2. Buyer

In this Policy, a "BUYER" means your overseas customer or employer and with whom you have entered into a contract for EXPORTS and who is liable to you for payments due for the EXPORTS to be made by you in pursuance of your contract but, unless agreed otherwise by us in writing, does not include a customer in a country which is a "Restricted Cover" country.



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3. Credit Limit

CREDIT LIMIT means –

- (a) Where on an application made by you in our prescribed form, we have approved and communicated to you an amount as the Credit Limit on a BUYER, the amount so specified shall be the Credit Limit in respect of that BUYER. A Credit Limit so approved by us shall always be subject to the terms of payment and other conditions specified in or appended to our relevant Credit Limit Approval Application and will also be subject to such modifications as we may make and communicate to you from time to time, including its cancellation.
- (b) Where, in respect of a BUYER you have not made an application for Credit Limit or where against an application made by you we are yet to communicate our decision to you then you may have the benefit of the Discretionary Credit Limit to the extent and subject to the conditions specified in the Schedule. However, if, at the time of your application for approval or enhancement of Credit Limit on a BUYER or at the time of your receipt of our approval or enhancement thereof, any payment due to you from that BUYER is remaining unpaid after having become due for payment, such approval or enhancement of Credit Limit shall be deemed void and ineffective.

4. Due Date

"DUE DATE" shall mean the date on which an INSURED DEBT is due for payment by the BUYER and shall also include any extension of the original due date of payment agreed in writing between you and the BUYER with our approval. In the event of any extension being agreed which allows for payment in installments, the DUE DATE shall be the due date of the first installment not duly paid.

5. Exports

In this Policy, the term "EXPORTS", unless repugnant to the context or meaning, shall mean the rendering of any service by the Insured to the satisfaction of an overseas BUYER in performance of a contract concluded by the Insured with such overseas BUYER, in consideration of payments made or to be made by the BUYER. 'Exports made' would mean services performed.

6. Gross Invoice Value

"GROSS INVOICE VALUE" is the value of the services invoiced by you and payable by the BUYER in accordance with the terms of your relevant contract with the BUYER but does not include any amount that was



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received by you in advance before you made the EXPORT.

7. Indebtedness

"INDEBTEDNESS" shall mean any and all the amounts due and outstanding from a buyer to you whether payable now or at a future date.

8. Insured Debt

An 'INSURED DEBT' is so much of any INDEBTEDNESS which:

- is owed to you by a BUYER, and
- is in respect of the gross invoice value of EXPORTS made by you to the BUYER within the Policy Period specified in the Schedule plus any contractual interest payable up to the original DUE DATE and included in the invoice; and
- is in accordance with a legally valid contract for EXPORT.

9. Insured Loss

- (a) In the event of INSOLVENCY, the "INSURED LOSS" shall be so much of any INSURED DEBT as shall not be in dispute and as shall be confirmed by the relevant authority (such as the Court, Liquidator, Receiver or Administrator) as being owed to you by the BUYER as the date of INSOLVENCY;
- (b) In the event of PROTRACTED DEFAULT, the "INSURED LOSS" shall be so much of any INSURED DEBT as shall not be in dispute less any interim payments and recoveries;
- (c) In the event of INCONVERTIBILITY, the "INSURED LOSS" shall be so much of any INSURED DEBT as shall be equal to the value of the local deposit made by the BUYER at the date of deposit or at the date of completion of the necessary transfer formalities whichever is the later; or so much of any INSURED DEBT for which approval of the foreign exchange allocation has been refused by the Central Bank and which remains unpaid at the end of the relevant Waiting Period;
- (d) In the event of any other INSURED PERIL the "INSURED LOSS" shall be so much of any INSURED DEBT as is unpaid or outstanding due to an INSURED PERIL at the end of the relevant Waiting Period.



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In all the cases the amount of the "INSURED LOSS" will be calculated taking into account any savings or other recoveries accruing to you in respect of the INSURED DEBT by reason of its non-realization.

10. Insured Percentage:

"Insured Percentage" means the share of ECGC in the INSURED LOSS suffered by you and agreed to be indemnified by ECGC pursuant to the policy and shall always be subject to the amount of aggregated liability and credit limit. The Insured Percentage is as specified in the schedule.

11. Insured Perils

Commercial Risks

(i) Protracted Default

There is "PROTRACTED DEFAULT" when a BUYER having accepted the EXPORTS made fails to pay to you the whole or any part of an INSURED DEBT for a period of 120 days after the DUE DATE.

(ii) Insolvency

There is "INSOLVENCY" when:

- a. BUYER has commenced any proceedings or case for being declared bankrupt or insolvent under the local bankruptcy or insolvency legislation or has become the subject of any such proceedings or case which is uncontested or a court appoints in respect of his assets a receiver, liquidator, trustee or other similar official under the local bankruptcy or insolvency legislation; or
- b. Composition by the BUYER is approved by the Court having jurisdiction or a compromise or arrangement is made binding by the Court on the BUYER and all the BUYER'S creditors; or
- c. Such circumstances came into existence as are in our opinion equivalent to any of the above.

(a) Political Risks

(i) Inconvertibility

There is "INCONVERTIBILITY" when events occur in the BUYER'S country or legislative or administrative measures are taken in that country which prevent, restrict or delay payment of the INSURED DEBT (or part of it) to you outside the country of the BUYER. INCONVERTIBILITY shall be deemed to occur either at the date when the local currency deposit is made and the



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necessary transfer formalities are completed by the BUYER or at the date on which any application made for currency is refused.

- (ii) Contract Frustration
"CONTRACT FRUSTRATION" means the direct prevention of the payment of an INSURED DEBT as a result of the occurrence of war, civil war, insurrection, rebellion and/or revolution within the BUYER'S country or as a result of the occurrence of war between India and the BUYER'S country.
- (iii) Contract Cancellation
"CONTRACT CANCELLATION" means the cancellation of a legally valid contract for EXPORTS between you and the BUYER by the Government of the BUYER'S country after you have made EXPORTS in pursuance of that contract and which directly prevents payment of the INSURED DEBT by the BUYER.

12. Policy

"POLICY" means the "Export of Services (Comprehensive Risks) Policy" issued to you, the Insured whose name and address is specified in the Schedule, and includes its Schedule and the endorsements, if any, attached to it.
