

EXPORTS (IT-Enabled Services) POLICY – (Multi Customers)

We, Export Credit Guarantee Corporation of India Limited have issued this **Policy** to you the Insured named in the **Schedule** to this **Policy** ('the **Schedule**').

You have completed a Proposal in writing particulars of which are specified in the **Schedule** and applied to us to indemnify you against a percentage of loss that you may suffer in respect of your **export** of IT-Enabled Services to your customers and we have agreed to give you such indemnity subject to such savings and exclusions and all the terms and conditions contained in the **Policy** including the payment of premium and other charges specified in the Schedule.

We agree that in the event of you suffering a loss in respect of your exports to any of the **Insured Customers** owing to non-realization of payments due thereon by reason of the occurrence of any of the **Insured Perils** herein below specified, we will indemnify you up to the **Insured Percentage** specified in the Schedule of your **Insured Loss** provided however that under no circumstances our aggregate maximum liability under this **Policy** to indemnify you shall exceed the amount of Aggregate Loss Limit specified in the Schedule.

Notes for Interpretation:

- 1. Headings in the Policy are used for ease of reference only and are to be disregarded in construing the Policy. Definitions of the terms and phrases shown in **bold type** are given at the end of the Policy;*
- 2. In the Policy the singular includes the plural and vice versa;*
- 3. The words "the Insured" and "the Corporation" 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;*
- 4. Unless repugnant to the context or meaning, in this **Policy**, singular will include plural, masculine will include feminine and animate will include inanimate.*

PART – I

INSURED PERILS

(a) Customer risks:

- (i) **Protracted Default;** or
- (ii) **Insolvency;** or
- (iii) **Contract Repudiation**

(b) Bank risks

- (i) **Protracted Default** of the Bank; or
- (ii) **Insolvency** of the Bank

(c) Political risks

- (i) **Inconvertibility;** or
- (ii) **Contract Frustration;** or
- (iii) **Contract Cancellation;** or
- (iv) **Import Restriction**

PART –II

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

- (a) 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 a part of the **Policy**. By signing the Proposal form and accepting the **Policy** you warrant that the statements made in the Proposal were true at the date of the Proposal and at the date when we agreed to issue the **Policy**;
- (b) 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 like any change in the terms and conditions of

your contracts for **export** with any of your **Insured customers** that might have a bearing on the perils insured under the **Policy**;

- (c) 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;
- (d) At the time of seeking any amendment, change, variation and/ or addition to the **Policy**, you must disclose to us all material facts and circumstances. If you fail to so disclose, the said amendment, change, variation and/ or addition shall be void and ineffective ab initio.

2. YOUR OBLIGATIONS

- (a) It is your duty to exercise reasonable care and prudence in making **exports** on credit to your **Insured Customers** and 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 including but not limited to stopping delivery of further exports to those **Insured Customers** if-
 - (i) Payments in respect of any of your earlier exports to that **Insured Customer** are remaining unpaid after its **due date** of payment; or
 - (ii) You have knowledge of that **Insured Customer** having failed and defaulted in meeting his obligations to any other supplier of goods or services; or
 - (iii) You have received information to the effect that your **Insured Customer** is or is likely to be in **Insolvency**;
- (b) After we have made a claim payment to you in respect of an **Insured Customer**, you will continue to take all practicable measures to collect or realize 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 the **Policy** as indicated above shall be a condition precedent to our liability.

3. NOTIFICATION AND CONSULTATION

- (a) If you have reason to believe that any of the **Insured Customers** is unable to or is likely to be unable to perform or comply with his obligations to you under any contract for **export** which shall include non-payment of a bill of exchange or an invoice on **due date**, you must notify us immediately either in writing or (with our approval)

electronically but in any case by not later than 30 days after you become aware of one or more of the circumstances mentioned above;

- (b) If, as on the last day of any month after the month in which cover under the Policy commenced, any payment due from the **Insured customer** is remaining overdue and unpaid for more than 30 days after its due date, 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 immediately succeeding month;
- (c) In the event of the occurrence of any of the **Insured Perils**, you must notify us in writing immediately but in any case by not later than 30 days after such occurrence;
- (d) In both the cases explained in (b) and (c) above—
 - (i) you must 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 earliest; and
 - (ii) you must provide us in writing without delay with any information which we may request following our receipt of notification in pursuance of (a), (b), or (c) above; and
 - (iii) you must take all practicable measures available to you to prevent or minimize any loss in respect of your **exports** to that **Insured Customer**; and
 - (iv) you must continue to take all prudent and reasonable steps, including such steps as we may require which may include 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 terms of Condition 3 shall be 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 of service or otherwise except when –

- (a) the need for such extension arises prior to the **due date** of payment and is in pursuance of an application received by you from the **Insured Customer** prior to such **due date**; and
- (b) the extension of **due date** is not being implicitly accepted by you after the failure of an **Insured Customer** to pay on the **due date**, and
- (c) the extended credit period is in conformity with all the relevant and applicable regulatory requirements, and
- (d) you have obtained our written approval before granting such extension.

Notwithstanding our written prior approval as above, we will be entitled to decline to indemnify you of any losses if such extension granted by you is found to be not in compliance with any 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:

- (a) So much of an **insured loss** as exceeds the **Insured Percentage** and
- (b) So much of any **indebtedness** of an **Insured Customer** as exceeds the **Loss Limit** on that **Insured Customer**.

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 stipulate.
- (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 -

- (a) Reduce the Loss limit on any **Insured Customer** and/ or
- (b) Cancel or vary the cover granted in respect of any **Insured Customer** or all **Insured Customers** in a country by way of inclusion of the country in the schedule of restricted cover country.

Any such reduction, variation or cancellation shall apply to all Exports made after you have received the written notice.

8. GIVING NOTICE

- (a) Any notice that we may give to you under the **Policy** including any notice relating to a **Loss Limit** and/or the reduction or cancellation of cover may be given –
- by ordinary post or by recorded delivery through a reputed private courier service at 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.
- (b) Any notice sent by ordinary post or by courier service shall be deemed to be served on the third working day after posting 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;
- (c) 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 **Loss Limits** specified are rupee limits and any amounts payable under the **Policy** are payable in rupees;
- (c) Where an invoice relating to **exports** made by you to an **Insured Customer** is expressed in a foreign currency, you will record its rupee equivalent in your records by applying the rate of exchange relevant as on the date of the invoice, The amount so recorded shall form the basis for your monthly declaration of **exports** and other returns that are required to be filed by you under this **Policy**;
- (d) The rate of exchange relevant for the purpose of arriving at the amount of **insured loss** under the Policy shall be same as that was applied for conversion of the foreign currency into Indian rupees as on the date of invoice except that any amount collected or realized in a foreign currency and applicable towards reducing the **insured debt** shall be converted into rupee immediately on its receipt at the then-prevailing rate of exchange and applied to the **insured debt** to arrive at the **insured loss**. If the currency in which

the customer has to make payment is devalued before a claim is paid, the amount payable will be arrived on the basis of the devalued rate.

10. PERIOD OF COVER, PREMIUMS AND CHARGES

(a) Period of Cover:

- (i) This is a continuous **Policy**, which unless otherwise agreed, shall generally be renewed and continued for consecutive periods of twelve months. The **Schedule** attached to the **Policy** specifies the currently extant Period of Cover. At the end of the first or any subsequent Period of Cover so specified in the **Schedule**, either you or we may elect to terminate the **Policy** by giving notice to the other in writing before the close of any such period;
- (ii) Cover under this **Policy** will not be available to you for your **exports** to any **Insured Customer** if as on the date of your export, the Period of Cover specified in the **Schedule** has already expired. Upon renewal of the **Policy**, the **Schedule** with the expired Period of Cover will be replaced and substituted with a fresh **Schedule** indicating the renewed Period of Cover.

(b) Payment of Premiums and Charges:

- (i) The amount of premium due and payable by you under this **Policy** is specified in the **Schedule**
- (ii) The entire amount of premium falls due and payable forthwith upon our acceptance of your proposal for issuance of the **Policy**. However, upon your request, we may at our sole discretion agree for deferred payment of premium in such number of instalments and subject to such conditions as we may stipulate
- (iii) In the event of your preferring a claim under this **Policy** at any time before the whole amount of premium due under the **Policy** is fully paid, any agreement allowing you instalment facility for payment of premium shall stand withdrawn with immediate effect and the whole of the balance amount of premium remaining unpaid shall forthwith become payable by you. No claim under the **Policy** will be registered or processed by us until the whole of the whole premium due under the **policy** is paid in full;
- (iv) We acknowledge having received from you together with your Proposal the amount of Proposal Processing Fee specified in the **Schedule**. You shall pay to us, in addition to the amount of premium, such other charges, if any, as may be payable to

us towards processing of your application for an enhancement in the amount of **Aggregate Loss Limit**, etc.

- (c) Termination of the Policy: In the event that you wish to terminate the **Policy** before the end of the Period of Cover, we shall be entitled to retain the whole of the premium(s) paid by you and to receive forthwith the balance, if any, of the amount of premium specified in the **Schedule** and remaining unpaid.

11. MONTHLY DECLARATION OF EXPORTS

- (a) You must declare to us in writing a Monthly Declaration of all your **exports** by not later than the 15th day of every month following the month of issue of this **Policy**. Each such monthly declaration shall be in the format prescribed by us, be complete in all respect and shall provide particulars of **exports** made by you to each one of the **Insured Customers** during the immediately preceding month.

NOTE: Payment of the premiums and other charges in accordance with provisions under Condition 10 and strict compliance with the requirements under Condition 11 are conditions precedent to our liability.

12. WAITING PERIOD

We shall not be liable for payment of any part of the loss to you or to register or process claim, if any, preferred by you under the **Policy** until the expiry of the relevant waiting period applicable to the respective **insured peril** as specified here under has elapsed, namely:

- (a) In case of **protracted default**, four months from the 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 **contract repudiation**, one month from the date on which **contract repudiation** happens;
- (d) 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;
- (e) In all other cases, unless otherwise specified by us, four months from the date of occurrence of the **Insured Peril** 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 may have previously paid under the **Policy**. You expressly agree that under such circumstances we shall be entitled to retain all the premiums and other charges 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 within one year from the **due date** of payment of the **insured debt**. The claim form must be complete in all respects and must be duly endorsed by the bank through which you have routed your relevant export documents or, with our prior approval, by your statutory auditors.
- (c) Any amount payable to you under the **Policy** will be paid to you through your bank that handled your relevant export documents and undertook collection of the proceeds. You must irrevocably authorize your bank to accept such payments and to give a valid discharge for and on your behalf and you agree that any such discharge given by your banker shall be binding on you for the amounts so received by your banker. Where no such banking arrangements are in place for handling your export documents, payments due from us to you under the **Policy** will be made to you directly to your account with any bank.
- (d) After we have received your claim form duly complete in all respects together with all such supporting documents, as we will specify, we will proceed to ascertain the cause of loss and the amount of **insured loss**. Thereafter, we will pay to you, subject to Condition 18 and other provisions of the **Policy**, the **Insured Percentage** of the **insured loss** or the amount of the **Single Loss Limit** on an **Insured Customer**, whichever of the two amounts is lesser;
- (e) We will not be liable to ascertain the cause of loss or the amount of **Insured Loss** and no claim shall become due for payment-
 - (i) Until you have submitted all the relevant information and documents that are necessary in our opinion for the purpose of establishing the occurrence of any of the **Insured Perils** and for ascertainment of **insured loss**; or
 - (ii) In the case of **Protracted Default**, if the **Insured Customer** 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 his allegations relating to quality, quantity, etc., in respect of your present or past **exports**, or raises a counterclaim on you for any set-off, etc., for any amount alleged to be due from you and we are satisfied that a

dispute exists between you and the **Insured Customer** which has not been resolved by appropriate legal or other proceedings. It is clarified that the disputes raised or allegations made by the **Insured Customer** 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 **insured Customer** 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 **Insured Customer** or against his insolvent estate;
 - (iii) Assign and transfer to us or to our nominees all your rights under the relevant contract for **exports**, including your right to damages for any breach;
 - (iv) Deliver to us or to our nominees all documents relating to the **exports** in respect of which a claim payment has been made and assign and transfer to us or to our nominees your right and interest in any such **exports**;
 - (v) Assign, deliver or otherwise transfer to us or to our nominees any negotiable instruments, guarantees or other securities relating to such services or contracts.
- (c) 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 a change in the rate of exchange 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.
- (d) 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;

15. COLLECTION AND LEGAL COSTS

- (a) When we require you to refer the account of an **Insured Customer** to a debt collection agency, which we may nominate or to appoint a solicitor or attorney whom we may nominate to take legal proceedings against the **Insured Customer** to obtain payment of any undisputed **indebtedness**, you must do so. 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 cost, 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 an **Insured Customer** at the relevant time exceeds the **insured debt**, our contribution will not exceed such percentage share in the proportionate costs as is apportioned to our share in the **insured debt**;
- (b) We will not contribute towards your administrative costs or legal costs incurred for the purpose of establishing the **Insured Customer's** liability in respect of any disputed **indebtedness**;
- (c) 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.

16. INSPECTION OF DOCUMENTS

- (a) We or our nominee or representative duly authorised by us in this regard 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 an **Insured Customer**;
- (b) If we so request you must supply us with any information in your possession or control 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 any of your **Insured Customers**.
- (c) We may authorise our nominee or representative to carry out inspection of your books and documents pertaining to your **exports** either for the purpose of determining the amount of **insured loss** or

for verifying due compliance with the conditions of cover offered under this **Policy**. You expressly warrant and agree that you shall give unfettered access to all relevant information and documents to our authorised nominees / representative and shall render full cooperation to them.

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

- (a) If you experience delays or difficulties in obtaining payment from an **Insured Customer's** country due to exchange transfer restrictions or you are aware that such delays or difficulties are likely, you must require the **Insured Customer** to pay to your account (or deposit irrevocably for your account) with a Bank in the **Insured Customer's** country at the **due date** or as soon as you are aware of such delays or difficulties, the local currency equivalent of the contract value of your **exports**, unless we agree otherwise in writing;
- (b) Where we agree in writing that such **Insured Customer** need not make a local currency deposit, then you shall require the **Insured Customer** concerned to apply to the relevant authority for approval of the foreign exchange allocation in respect of the **insured debt**.

18. MAXIMUM LIABILITY

Our maximum 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 unrealised owing to the occurrence of any of the **insured perils** shall not exceed any of the following amounts, namely –

- (a) The **Insured Percentage** of the **insured loss**; and
- (b) In respect of claims arising from **insured loss** on **exports** made to any one **insured Customer**, the amount of **Single Loss Limit** specified in the **Schedule**; and
- (c) In respect of the maximum aggregate amount of claims arising from **insured losses** on all your **exports** to any one or more of your **insured customers** made during the entire Period of Cover under the **Policy**, the amount of **Aggregate Loss Limit** specified in the **Schedule**.

19. CANCELLATION OF THE POLICY ON YOUR INSOLVENCY

Upon your **insolvency** or the **insolvency** of any other party named in the **Schedule** as the Insured, we may terminate the **Policy** with effect from the date of such **insolvency**. In the event of such termination by us, we shall be entitled to retain all premiums and other charges 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 this **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**.

PART – III EXCLUSIONS

- (1) We shall not be liable for losses arising out of any of the **Insured Perils** classified under 'Customer Risks' where your contract for **exports** provides for payment of the invoice value by the **Insured customer** is secured by a documentary letter of credit (LC) and the LC Opening Bank has refused or failed to make payment on the documents sent by you under the LC;
- (2) We shall not be liable for losses arising out of any of the **Insured Perils** classified under Bank Risks if the LC Opening Bank refuses or fails to make payment against the documents sent by you under the LC citing discrepancy in your documents;
- (3) Unless we have agreed otherwise in writing, we shall not be liable for any losses arising out of any of the Insured Perils in respect of Customers whose name appears in our "list of buyers who have come to the adverse notice of the Corporation" and posted in our website for the benefit of our policy holders.
- (4) Unless we have agreed otherwise in writing, we shall not be liable for any losses arising out of any of the **Insured Perils** classified under customer risks where:
 - (i) The **Insured Customer** is one of your subsidiaries or associated companies or you have any direct or indirect interest in or

- connection with the **Insured Customer** other than that between a service provider and his customer; or
- (ii) There is an unresolved dispute between you and the **insured Customer**; or
- (5) Unless we have agreed otherwise in writing, we shall not be liable for any loss arising out of your **exports** to an **insured customer** if at the time of such **exports**–
- (i) The **Policy** is no more valid or has become liable to be cancelled in pursuance of any of the provisions contained in the **Policy**; or
 - (ii) The whole or any part of a debt owed to you by that **Insured Customer** is remaining unpaid after its **due date**; or
 - (iii) Any of the **insured perils** has already occurred of which you were or should have been aware of; or
 - (iv) The **Insured Customer** is one which is excluded from the purview of cover in pursuance of the provisions under Condition 7(b).
- (6) We shall not be liable for any losses arising out of –
- (a) Your failure to fulfil any of the terms and conditions of or relating to your **export** contract with an **Insured Customer** or the failure of any of your agents (including a collecting bank, or a carrier – which term may include a electronic data transmission agency);
 - (b) Your or your agent's failure or an **Insured Customer's** failure to comply with local laws and regulations unless prevented from such compliance by a law or order or decree or regulation in force in that country;
 - (c) An **Insured Customer's** failure or inability to obtain any such permission or authority under the regulations of that **Insured Customer's** country or of the country of destination of **exports** as is necessary to receive or accept your **export** and/ or to pay for them as contracted and invoiced and in force as at the date of **export**;
- (7) We shall not be liable for any loss arising out of 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;
- (8) We shall not be liable for any loss in respect of which you have not submitted your claim in our prescribed form,

complete in all respects and duly endorsed by your banker or the statutory auditors, as the case may be, within one year from the **due date** of payment of the relevant **insured debt**.

PART – IV

DEFINITIONS

(1) AGGREGATE LOSS LIMIT

'Aggregate Loss Limit' means the aggregate maximum amount of claims admissible under the policy. The Aggregate Loss Limit for this Policy shall be the amount specified as such in the Schedule subject to any enhancement thereof by an endorsement attached to the policy.

(2) DUE DATE

'Due Date' means the date on which an insured debt is due for payment by an Customer and will also include any extended due date duly agreed in writing between the Insured and the Insured Customer with the approval of the Corporation and in conformity with the provisions of Condition 4. In the event of any extension being agreed which allows for payment in instalments, the due date shall be the due date of the first instalment not duly paid.

(3) EXPORTS

Unless repugnant to the context or meaning, the term 'exports' would mean exports of or incidental to IT-Enabled Services by the Insured.

(4) INDEBTEDNESS

'Indebtedness' in respect of an insured Customer means any and all the amounts owing by the Insured Customer to the Insured whether payable now or at a future date.

(5) INSURED CUSTOMER

'Insured Customer' means an overseas customer of the Insured with whom the Insured has a contract for export (including a deemed export) of IT-Enabled Services save and except a customer excluded from the purview of cover under any of the provisions of the policy.

(6) INSURED DEBT

An 'Insured Debt' is so much of any indebtedness which:

- is owed to the Insured by an Insured Customer,
- is in respect of the invoice value for the export of IT Enabled Services by the Insured to an Insured Customer made during the Period of Cover under the Policy and would include contractual interest, if any, payable up to the original due date for payment and included in the invoice; and which
- is in accordance with a legally valid contract between the Insured and the Insured Customer.

(7) INSURED LOSS

- (a) Where the cause of loss is INSOLVENCY the 'Insured Loss' shall be so much of any Insured Debt as shall not be in dispute between the Insured and an Insured Customer and as shall be acknowledged and confirmed by the relevant authority (such as the Court, Liquidator, Receiver or Administrator) as being owed to the Insured by the Insured Customer as at the date of insolvency;
- (b) Where the cause of loss is PROTRACTED DEFAULT the 'Insured Loss' shall be so much of any Insured Debt as shall not be in dispute less any interim payments, set offs, savings (on unpaid commission, etc.) and recoveries;
- (c) Where the cause of loss is CONTRACT REPUDIATION, the 'Insured Loss' shall be so much of the actual loss suffered or expenses incurred by the Insured and reported in the monthly declaration.
- (d) Where the cause of loss is INCONVERTIBILITY the 'Insured Loss' shall be so much of any Insured Debt as shall be the rupee equivalent of the value of the local deposit made by the Insured Customer as at the date of deposit or at the date of completion of the necessary transfer formalities whichever is later and for which approval of the foreign exchange allocation has been refused by the Central Bank and remains unrealised in India as at the end of the relevant Waiting Period.
- (e) Where the cause of loss is any of the other INSURED PERILS, the 'Insured Loss' shall be so much of any Insured Debt as is remaining unpaid or outstanding at the end of the relevant Waiting Period by reason of the occurrence of an Insured Peril.

In all cases the amount of the 'Insured Loss' will be calculated taking into account any savings or other recoveries accruing to the Insured in respect of the Insured Debt by reason of its non-realization.

(8) INSURED PERCENTAGE

'INSURED PERCENTAGE' means the percentage share of the Corporation in the insured loss suffered by the Insured and agreed to be indemnified by the Corporation in pursuance of the provisions of the Policy. The Insured Percentage applicable under this Policy is as specified in the Schedule provided however that the maximum amount of the Corporation's liability under the Policy for losses shall always be subject to the amount of Loss Limits as defined in the Policy.

(9) INSURED PERILS

'Insured Peril' means any of the risks defined herein below and insured under the Policy:

(a) PROTRACTED DEFAULT

There is "PROTRACTED DEFAULT" by an Insured Customer when the Insured Customer having accepted delivery of performance of services has failed to pay to the Insured any part of an Insured Debt relating to such exports for a period of 120 days after the Due Date;

There is "PROTRACTED DEFAULT" by an LC Opening Bank when the LC Opening Bank having accepted the documents negotiated under the Letter of Credit fails to pay to the Insured any part of an Insured Debt relating to such exports for a period of 120 days after the due date on which it was payable by the Opening Bank;

[Explanation: Non-payment by an Insured Customer owing to any dispute, counter claim, etc. or by an LC Opening Bank citing discrepancies in the document will not amount to protracted default.]

(b) INSOLVENCY

There is 'INSOLVENCY' when:

- (i) an Insured Customer or an LC opening bank has commenced or become the subject of any proceedings or case for being declared bankrupt or insolvent which is uncontested under the local bankruptcy or insolvency legislation, or a Court

appoints a Receiver, Liquidator, Trustee, or other similar official under local bankruptcy or insolvency legislation; or

- (ii) a composition by an Insured Customer or an LC opening bank is approved by an appropriate court having jurisdiction or a court makes a compromise or arrangement binding on an Insured Customer and all the creditors of that Insured Customer; or
- (iii) such circumstances have come into existence as are in the opinion of the Corporation equivalent to any of the above.

(c) CONTRACT REPUDIATION

'CONTRACT REPUDIATION' means the wrongful termination by an Insured Customer of his contract with the Insured for export of IT-Enabled Services after the Insured has commenced due performance of the said contract.

(d) INCONVERTIBILITY

There is 'INCONVERTIBILITY' when events occur in an Insured Customer's country or legislative or administrative measures are taken in that country which prevent, restrict or delay payment to the Insured of the Insured Debt (or any part of it) outside the country of that Insured Customer. INCONVERTIBILITY shall be deemed to occur either on the date when the local currency deposit is made and the necessary transfer formalities are completed by the Insured Customer or on the date on which any application made for currency is refused.

(e) CONTRACT FRUSTRATION

'CONTRACT FRUSTRATION' means the direct prevention of payment of an Insured Debt as a result of the occurrence of war, civil war, insurrection, rebellion and/ or revolution within an Insured Customer's country or as a result of the occurrence of war between India and an Insured Customer's country.

(f) CONTRACT CANCELLATION

'CONTRACT CANCELLATION' means the cancellation by the Government of an Insured Customer's country, of a legally valid contract between the Insured and the Insured Customer for export of IT Enabled Services after the Insured has commenced

performance of the contract and which cancellation directly prevents payment of the Insured Debt.

(g) IMPORT RESTRICTION

'IMPORT RESTRICTION' means, the implementation of any law (or regulation or order having the force of law) by the Government of an Insured Customer's country after the Insured has commenced performance of his contract for export of IT-Enabled Services which prohibits the import or delivery of services into the Insured Customer's country and which directly prevents payment of the Insured Debt

(10) IT-Enabled Services

'IT-Enabled Services' means any service the performance of which is predominantly enabled by the application of information technology and would include outsourced business processes operations being carried out by a service provider for his client on a commercial basis. [Some of the broad examples of IT-Enabled Services are call centre services, data processing / data conversion / data compilation services, maintenance/ updating/ upgrading services for data bases, software systems and IT-networks, multi-media services, web-site designing and maintenance services, etc., etc.,]

(11) LOSS LIMIT

'LOSS LIMIT' means either the Aggregate Loss Limit or the Single Loss Limit, as the case may be, defined herein below.

(i) AGGREGATE LOSS LIMIT

'Aggregate Loss Limit' means the maximum liability of the Corporation in the aggregate for claims admissible under the policy. The amount of Aggregate Loss Limit applicable to this policy is specified in the Schedule [subject to any enhancement thereof by an endorsement attached to the policy].

(ii) SINGLE LOSS LIMIT

'Single Loss Limit' means the maximum limit for claims under this Policy in respect of insured loss on export of IT-Enabled Services made to any single Insured Customer. The Single Loss Limit applicable to this policy is specified in the Schedule.

(12) POLICY

'POLICY' means the 'Exports (IT-Enabled Services) Policy (Multi Customers) Policy issued to the Insured whose name and address is specified in the Schedule, and, unless repugnant to the context or meaning, will include its Schedule and the endorsements, if any, attached to it.

(13) SCHEDULE

'SCHEDULE' means the Schedule attached to and forming part of the Policy.
