

निर्यात (पण्यावर्त) पॉलिसी

Exports (Turnover) Policy

भारतीय निर्यात ऋण गारंटी निगम लि.

(भारत सरकार का उद्यम)

EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD.

(A Government of India Enterprise)

पंजीकृत कार्यालय : एक्सप्रेस टॉवर्स, 10 वी मंज़िल,

नरीमन पॉइंट, मुंबई - 400 021. भारत.

Registered Office : Express Towers, 10th Floor,
Nariman Point, Mumbai - 400 021. India.



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 and applied to us for indemnity in respect of the whole of your export trade with buyers in the countries specified in the Schedule (Schedule of Countries) save and except those that are specified as excluded in this POLICY and we have agreed to give you such indemnity subject to all the terms and conditions contained in the POLICY including the payment of premium and other charges specified in the Schedule ("Premium Schedule").

We agree that:

(a) We will indemnify you up to the Insured Percentage of the INSURED LOSS specified in the Schedule or upto the amount of the relevant Credit Limit available on the INSURED BUYER whichever of the two amounts is lesser if any INSURED BUYER fails to pay you any INSURED DEBT by reason of any of the following INSURED PERILS (Buyer Risks), namely, -

- (i) PROTRACTED DEFAULT
- (ii) INSOLVENCY or
- (iii) CONTRACT REPUDIATION,

(b) And we will indemnify you up to the Insured Percentage of the INSURED LOSS if any INSURED BUYER is prevented from paying to you any INSURED DEBT or part thereof by reason of any of the INSURED PERILS (Political Risks), namely-

- (iv) INCONVERTIBILITY
- (v) CONTRACT FRUSTRATION
- (vi) CONTRACT CANCELLATION
- (vii) IMPORT RESTRICTION or
- (viii) SHIPMENT DIVERSION

Note for interpretation:

Headings in the POLICY are used for ease 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 "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.

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 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.

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 void ab initio.

2. YOUR OBLIGATIONS

(a) It is your duty to exercise reasonable care and prudence in granting credit to an INSURED 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 an INSURED BUYER you will continue to take all practicable measures to collect or realize 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.

3. NOTIFICATION AND CONSULTATION

(a) If you have reason to believe that an INSURED BUYER is unable to or is likely to be unable to perform or comply with his obligations to you under any contract of sale which shall include non-payment of a bill of exchange on due date you must notify us immediately either in writing or electronically (with our approval) but in any case 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 a month an INSURED DEBT is remaining unpaid for 30 days or more after its DUE DATE of payment, you must by not later than the 15th day of the next month notify us full details of all such overdue payments in our prescribed form.

(c) In the event of the occurrence of any INSURED PERIL, you must notify us in writing immediately but in any case not later than 30 days after such occurrence.

(d) In all the cases explained in (b) and (c) above you must –

(i) continue to notify us monthly 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/ realized whichever is the earlier.

(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 INSURED BUYER;

(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 terms of 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 of sale or otherwise except when –

(i) the contractually agreed terms of payment are not cash against presentation of shipping documents through a bank or, payment secured by documentary bill of exchange payable at sight (CAD/ DP terms), and

(ii) the need for such extension arises prior to the DUE DATE of payment and is being considered by you on an application from the INSURED BUYER received prior to such DUE DATE, and

(iii) extension of due date is not being implicitly accepted by you after the failure of an INSURED BUYER to pay on the due date, and

(iv) the extended credit period is in conformity with all the relevant and applicable regulatory requirements, and

(v) 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 –

(i) so much of any INSURED LOSS as exceeds the Insured Percentage and

(ii) so much of any INSURED LOSS occasioned by any of the Buyer Risks, namely, PROTRACTED DEFAULT,

INSOLVENCY or CONTRACT REPUDIATION, as exceeds the Credit Limit for that buyer.

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 INSURED BUYER and/or
- Cancel or vary the cover granted in respect of any INSURED BUYER or country, or
- Modify the classification of the countries specified in the Schedule.

Any such reduction, variation or cancellation shall apply to any DESPATCH of goods made after you have received the written notice.

8. GIVING NOTICE

Any notice which we may give to 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 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 are rupee limits and any amounts payable under the POLICY are payable in rupees.

(c) When you make a contract with an INSURED BUYER that provided for payment in a currency other than rupee the invoice value of the goods DESPATCHED shall be converted into rupee for declaration purposes at the rate of exchange ruling in the local foreign exchange market as at the close of business on the date on which you DESPATCHED the goods. The rate of exchange for each DESPATCH of goods shall be recorded in your records and a total of the rupee 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 and that 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) This is a continuous POLICY, which unless otherwise agreed, shall continue for consecutive periods of 12 months. At the end of the first or any subsequent Period of Cover (as 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.

(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 Periods of Cover,

(ii) to retain the amount of Advance Deposit Premium(s) paid, and

(iii) to receive and retain whichever is the greater between –

- all premium due and payable up to and including the effective date of such termination; or

- the balance of the Advance Deposit Premium(s) for the Period of Cover.

(c) The Advance Deposit Premium payable by you shall be calculated by reference to the aggregate amount of your estimated exports during the Period of Cover subject to a minimum of the Minimum Premium Payable specified in the Schedule. At the commencement of the Period of Cover and thereafter on or before each of the Dates for Payment specified in the Schedule you shall pay to us the Advance Deposit of Premium as specified in the Schedule or as may be adjusted by us in relation to your declarations made under Condition 11.

(d) On receipt of your declaration of export turnover for a Declaration Period, we will calculate the premium due on the shipments so declared to us at the relevant rate(s) specified in the Premium Schedule.

(e) The Advance Deposit of Premium paid by you for a Declaration Period will be adjusted against the amount of premium calculated as due from you on shipments declared by you for the corresponding period. Shortfall, if any will be payable by you on demand. If the amount of Advance Deposit of Premium paid exceeded the premium calculated as due on shipments made by you, subject to a minimum retention of an amount equivalent to the Minimum Premium Payable, the surplus will be credited to your Advance Deposit Premium. No part of the Minimum Premium Payable shall be so credited to your Advance Deposit Premium account unless otherwise agreed by us at our sole discretion.

(f) A modification in the classification of countries specified in the Schedule may affect the rate of premium payable on your shipments. When such a modification is notified to you in pursuance of Condition 7, the rate of premium payable on all your shipments to that country DESPATCHED on or after the date specified in the notice (not being prior to the date of notification) will be at such modified rate.

(g) When you submit an application to us for approval or enhancement of the Credit Limit on an INSURED BUYER, you shall pay to us such fees as may be specified by us.

Payment of the premiums and other charges in accordance with paragraph (b), (c), (d), (e) and (f) of Condition 10 is a condition precedent to our liability.

11. DECLARATION OF TURNOVER

(a) You must declare to us in writing in the format prescribed by us the GROSS INVOICE VALUE of your export turnover for each of the Declaration Periods specified in the Schedule giving full details of all the shipments made/ Invoices raised by you during the relevant Declaration Period.

(b) It is a condition precedent to our liability that completed declarations giving full details of all the shipments DESPATCHED by you during each of the Declaration Periods specified in the Schedule must be submitted to us in our prescribed form after the last day of the relevant Declaration Period within such number of days as is specified in the Schedule.

12. 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 two years from the DUE DATE of payment of the INSURED DEBT.

(c) Any amount payable to you under the POLICY will be paid to you through your bank that has handled your export documents and undertaken collection of the export proceeds. You must irrevocably authorize your 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) Subject to the provisions of the POLICY we will pay the Insured Percentage of the INSURED LOSS to you after we have received a claim from you in our form, duly completed in all respects and 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 –

(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 INSURED PERIL and for ascertainment of INSURED LOSS; or

(ii) If, in the case of PROTRACTED DEFAULT, the INSURED 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 supplies, or counterclaims or claims for any set-off, etc., and we are satisfied that a dispute exists between you and the INSURED BUYER which has not been resolved by appropriate legal proceedings. It is clarified that the disputes raised or allegations made by the INSURED BUYER need not necessarily relate to the INSURED DEBT.

13. 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 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 INSURED 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 goods or 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 such goods and documents;

(v) Assign, deliver or otherwise transfer to us or to our nominee any negotiable instruments, guarantees or other securities relating to such goods or contracts.

(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.

14. COLLECTION AND LEGAL COSTS

(a) When we require you to –

- refer the account of an INSURED BUYER to a debt collection agency, which we may nominate or

- appoint a solicitor whom we may nominate to take legal proceedings against an INSURED BUYER 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 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.

(b) We will not contribute towards:

(i) Your administrative costs; or

(ii) Legal costs incurred for the purpose of establishing BUYER'S liability in respect of any disputed indebtedness;

(c) It is a condition precedent to our liability 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.

15. 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 INSURED 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 an INSURED BUYER.

16. WAITING PERIOD

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

(a) In the case of PROTRACTED DEFAULT, four months from the due date of payment;

(b) In the case 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 the goods have been, brought back or resold or otherwise disposed of by the insured with our approval;

(d) In the case of INCOVERTIBILITY, four months from the due date of payment or from the date of occurrence of the event;

(e) In the case SHIPMENT DIVERSION, the date on which proof that is satisfactory to us for the occurrence of loss is furnished to us;

(f) 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.

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 countries included in the Schedule of Countries due to exchange transfer restrictions you shall require the INSURED BUYER concerned to pay to your account (or deposit irrevocably with a Bank in the INSURED 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 an INSURED BUYER need not make a local currency deposit, then you shall require the INSURED BUYER concerned to apply to the relevant authority for approval of the foreign exchange allocation in respect of the INSURED DEBT.

18. OUR LIABILITY ON BUYER RISKS

Our total liability under the POLICY for losses arising out of Buyer Risks on any one INSURED BUYER shall not exceed the amount of Credit Limit available to you on that INSURED BUYER as on the date of DESPATCH of the relevant shipment.

19. THE CREDIT LIMIT

(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 an INSURED BUYER, the amount so specified shall be the Credit Limit in respect of that INSURED BUYER. A Credit Limit so approved by us shall always be subject to the terms and conditions including the terms of payment specified in or appended to our relevant Credit Limit Approval 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 an INSURED 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 thereon then you may have the benefit of the Discretionary Credit Limit to the extent and subject to the conditions specified in the Schedule.

(c) If, at the time of your application for approval or enhancement of Credit Limit on an INSURED BUYER or at the time of your receipt of our approval or enhancement thereof, any payment due to you from that INSURED BUYER is remaining overdue and unpaid such approval or enhancement of Credit Limit shall be deemed void and ineffective.

20. MAXIMUM LIABILITY

Our aggregate Maximum Liability for payment claims under the POLICY during the Policy Period shall not exceed the amount specified in the Schedule as the Maximum Liability.

21. CANCELLATION OF THE POLICY ON YOUR INSOLVENCY

Upon your INSOLVENCY or the INSOLVENCY of any 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 paid and to receive and retain all premiums due and payable up to and including the effective date of such INSOLVENCY.

22. 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.

EXCLUSIONS

1. We shall not be liable for any losses arising out of your exports to a buyer in a Restricted Cover Country unless

- you have obtained our specific approval for cover in respect of those exports; and
- you have complied with the special conditions, if any, specified by us for such cover.

2. And we shall not be liable for any losses arising out of Buyer Risks where:

(a) Under the contract of export sale, payment of the invoice value of goods sold by you is to be received under a documentary letter of credit.

(b) The Credit Limit available on a buyer, including Discretionary Credit Limit prior to DESPATCH of goods is NIL,

(c) The buyer is one of your subsidiary or associated companies or you have any direct or indirect interest in or connection with the buyer, unless we have agreed otherwise in writing;

(d) There is an unresolved dispute between you and the INSURED BUYER unless we have agreed otherwise in writing,

3. And we shall not be liable for any losses arising out of:

(a) DESPATCH of goods to an INSURED BUYER at a time when a debt or any part of a debt owed to you by that buyer is remaining unpaid after its DUE DATE or after the date of the occurrence of any INSURED PERIL, whichever is the earlier, unless we have agreed otherwise in writing.

(b) Your failure or the failure of any of your agents including a collecting bank or a carrier of goods to fulfil any of the terms and conditions of or relating to your contract of sale with the INSURED BUYER or of your contract with that agent;

(c) Your failure or the failure of your agents or the INSURED BUYER to comply with local laws and regulations unless prevented from such compliance by a law order decree or regulation in force in your country;

(d) Failure or inability of your buyer to obtain any authority in force as at the date of DESPATCH and necessary under the regulations of the buyer's country or of the country into which the goods are to be imported to import the goods 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 at the date of that deposit or at the date of completion of transfer formalities whichever is the later;

(f) Any cause whatsoever that is inherent in the nature of the goods exported;

4. And, we shall not be liable for any loss in respect of a shipment specified under 'Shipments excluded from Cover' in the Schedule;

5. And, we shall not be liable for any loss in respect of which you have not submitted your claim on our prescribed form, completed in all respects and duly endorsed by your banker, within two years from the DUE DATE of payment of the relevant INSURED DEBT.

DEFINITIONS

1. DESPATCH OR DESPATCHED

"DESPATCH" or "DESPATCHED" shall mean the goods have been passed to the first carrier for through carriage to the place where the INSURED BUYER is to accept them.

2. DUE DATE

"DUE DATE" shall mean the date on which an INSURED DEBT is due for payment by the INSURED BUYER and shall also include any extension of the original due date of payment agreed in writing between you and the INSURED BUYER with our approval. 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. GROSS INVOICE VALUE

"GROSS INVOICE VALUE" is the invoice value of goods sold by you and DESPATCHED to the INSURED BUYER at any time during the Period of Cover specified in the Schedule but excluding the invoice value of goods either:

(i) for which you receive payment on or before DESPATCH of goods; or

(ii) for which payment is made or to be made to you under a documentary letter of credit, unless otherwise agreed in writing by us

4. INDEBTEDNESS

"INDEBTEDNESS" shall mean any and all the amounts owing by an INSURED BUYER to you whether payable now or at a future date.

5. INSURED BUYER

An "INSURED BUYER" is any buyer carrying on business in any of the countries specified in the Schedule of Countries but does not include a buyer in a country which is a 'Restricted Cover' country, unless agreed otherwise by us in writing.

6. INSURED DEBT

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

- is owed to you by an INSURED BUYER, and
- is in respect of the invoice value of goods sold by you and DESPATCHED to the INSURED BUYER within the Period of Cover specified in the Schedule plus any contractual interest payable up to the original due date for payment and included in the invoice; and
- is in accordance with a legally valid contract of sale.

7. 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 INSURED BUYER at 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 CONTRACT REPUDIATION the "INSURED LOSS" shall be so much of the loss suffered or expenses incurred by you but not exceeding the amount of INSURED DEBT in the aggregate for bringing back the undelivered goods to your country or for arranging for its resale, including any discount allowed to the alternate buyer provided however that you have obtained our prior approval in writing for bringing back or resale.

(d) In the event of INCONVERTIBILITY the INSURED LOSS shall be so much of any INSURED DEBT

- as shall equal the value of the local deposit made by the INSURED 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, which remains unpaid at the end of the relevant Waiting Period.

(e) In the event of SHIPMENT DIVERSION the INSURED LOSS shall be so much of the extra costs and expenses incurred by you towards additional handling, transportation or insurance charges occasioned by SHIPMENT DIVERSION and found to be impracticable to recover from the buyer.

(f) In the event of any other INSURED PERIL the INSURED LOSS shall be so much of any INSURED DEBT as is unpaid or outstanding at the end of the relevant Waiting Period due to 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 you in respect of the INSURED DEBT by reason of its non-realization.

8. INSURED PERILS

(i) PROTRACTED DEFAULT

There is "PROTRACTED DEFAULT" when an INSURED BUYER having accepted delivery of goods has failed to pay to you any part of an INSURED DEBT relating to such goods for a period of 120 days after the DUE DATE.

(ii) INSOLVENCY

There is "INSOLVENCY" when:

- (a) an INSURED BUYER commences or becomes the subject of any proceedings or case which is uncontested under local bankruptcy or insolvency legislation, or a Court appoints

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

- (b) a composition by the INSURED BUYER has been approved by the Court having jurisdiction or a compromise or arrangement has been made binding by the Court on the INSURED BUYER and all the INSURED BUYER's creditors; or

- (c) such circumstances exist as are in our opinion equivalent to any of the above.

(iii) CONTRACT REPUDIATION

"CONTRACT REPUDIATION" means the wrongful failure or refusal on the part of the buyer to accept delivery of a shipment after it has been DESPATCHED by you in accordance with a legally valid contract of sale provided however that the goods remains your property.

(iv) INCONVERTIBILITY

There is "INCONVERTIBILITY" when events occur in the INSURED 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 INSURED BUYER. INCONVERTIBILITY shall be deemed to occur either:

- at the date when the local currency deposit is made and the necessary transfer formalities are completed by the INSURED BUYER; or

- at the date on which any application made for currency is refused.

(v) CONTRACT FRUSTRATION

"CONTRACT FRUSTRATION" means the direct prevention of the payment of an INSURED DEBT as a result of the occurrence within the INSURED BUYER's country of war (except as excluded by Exclusion 8), civil war, insurrection, rebellion and/or revolution or as a result of the occurrence of war between India and the Buyer's country.

(vi) CONTRACT CANCELLATION

"CONTRACT CANCELLATION" means the cancellation of a legally valid contract of sale between the INSURED and the INSURED BUYER by the Government of an INSURED BUYER's country after DESPATCH which directly prevents payment of the INSURED DEBT.

(vii) IMPORT RESTRICTION

"IMPORT RESTRICTION" means the implementation after DESPATCH by the Government of the INSURED BUYER's country of any law (or regulation having the force of law) which prohibits the import of goods into the INSURED BUYER's country and which directly prevents payment of the INSURED DEBT.

(viii) SHIPMENT DIVERSION

"SHIPMENT DIVERSION" means the interruption or diversion of voyage outside India that results in incurring of extra costs and expenses by you towards additional handling, transportation or insurance in respect of goods DESPATCHED by you to an INSURED BUYER. The INSURED BUYER will be deemed to have been prevented from paying you if it is impracticable to recover such additional costs and expenses from the buyer.

9. POLICY

POLICY means the Exports (Turnover) Policy issued to you, the INSURED specified in the Schedule, and includes its Schedule and the endorsements, if any, attached to it.