



# **MICRO EXPORTERS POLICY (MEP)**

## Micro Exporters Policy

We, the 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 have applied to us for indemnity in respect of your export trade 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 (The Schedule').

We agree that in the event of you suffering a loss in respect of your exports to the **Insured Buyers** owing to non—realization of the sale proceeds by reason of the occurrence of any of the insured risks 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 maximum aggregate liability under this **Policy** to indemnify you shall exceed the **Maximum Loss Limit** specified in the Schedule.

### **PART - I INSURED RISKS**

(a) Buyer risks:

- (i) Protracted Default;
- (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;
- (ii) Contract Frustration;
- (iii) Contract Cancellation;
- (iv) Import Restriction; or
- (v) Shipment Diversion

#### **NOTES 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 and phrases shown in bold 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 Definitions or 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;
- Unless repugnant to the context or meaning, in this **Policy**, singular will include plural, masculine will include feminine and animate will include inanimate;

## **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 absolve 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 part of the **Policy**. By signing the Proposal form and accepting the Policy you warrant that the statements made in the Proposal were true as 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 affecting 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 any amendment, change, variation and/ or addition to the **Policy** you must disclose to us all material facts and circumstances and if you fail to so disclose, the said amendment, change, variation and/ or addition shall, at our option be void and ineffective ab initio.

### 2. YOUR OBLIGATIONS

- (a) Not to make shipments to a buyer in a country which is excluded from the cover or to a buyer placed in the defaulted buyer list published by the Corporation on its web site without obtaining our prior written approval for cover before making such shipment.
- (b) It is your duty to exercise reasonable care and prudence in granting credit to **Insured Buyers** 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 dispatch of any further shipment to an **Insured Buyer** if -

- (i) payments in respect of any of your earlier shipments to that **Insured Buyer** are remaining unpaid after its due date of payment; or
  - (ii) you have knowledge of that **insured buyer** 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 the **insured Buyer** is or is likely to be in **insolvency**;
- (c) After we have made a claim payment to you in respect of any of your **Insured Buyers** 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.

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 one of your **Insured Buyers** 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 (with our prior approval) electronically but in any case by not later than 60 days after you have become aware of one or more of the circumstances mentioned above;
- (b) If as on the last day of a month any **insured debt** is remaining unpaid for 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 succeeding month;
- (c) In the event of the occurrence of any of the **insured risks**, you must notify us in writing immediately but in any case by not later than 30 days after such occurrence;
- (d) In all the cases explained in (a), (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;
  - (ii) 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;

- (iii) take all practicable measures available to you to prevent or minimize any loss in respect of your exports to that **Insured Buyer**;
- (iv) Continue to take all prudent and reasonable steps, including such steps as we may require you to take 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 an 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 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 in pursuance of a request received by you from the Insured Buyer 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 which is beyond 180 days from the date of the shipment.

We will be entitled to decline to indemnify you of any loss unless the extension in due date of payment granted by you is in compliance with each and every one 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 an insured loss as exceeds the Maximum Loss Limit and Insured Percentage; and
- (ii) so much of any Indebtedness of any one of the Insured Buyers as exceeds the **Single Loss Limit** specified for an Insured Buyer under this **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. CANCELLATION OF YOUR COVER

- (a) If at any time during the Period of Cover there is a material change in our credit risk perception in respect of any of the Insured Buyers or in respect of any Insured Buyers' country, we may at our sole discretion exclude that Insured Buyer or the country from the purview of cover under the Policy. Any such exclusion will be notified through our web-site ( in the manner stated below:
  - (i) As regards exclusion of an Insured Buyer, by placing the name of the Insured Buyer on the website of the Corporation under the List of Buyers who have come to the adverse notice of the Corporation'; and
  - (ii) As regards exclusion of a country, by placing the country under the list of Restricted Cover' category of countries.
- (b) If after it has been notified of exclusion from cover as aforesaid any shipment is dispatched to an Insured Buyer or to a country so excluded and notified, we shall not be liable to indemnify you in respect of any part of the loss that you may suffer on any such shipment unless you have taken our prior written approval for cover before making any such shipment.

## 8. GIVING NOTICE

Any notice, which we may give to you under the Policy including any notice relating to a Loss Limits 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 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, whichever is earlier. For the purpose of this condition a

working day means any day other than a Saturday or Sunday or 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 such transmission, whichever is the earlier.

## 9. CURRENCIES

- (a) The currency of the Policy is Indian rupees;
- (b) The Loss Limits specified are in Indian Rupees and any amount payable under the Policy are payable in Indian Rupees;
- (c) In respect of each of your invoices relating to dispatch of goods to an Insured Buyer, where the invoice value is expressed in a foreign currency, its rupee equivalent be recorded by you in your records applying the rate of exchange relevant as on the date of dispatch and the amount so recorded shall form the basis for the returns and declarations that may be required to be filed by you under this Policy;
- (d) The rate of exchange relevant for the purpose of arriving at the insured loss in respect of any shipment shall be the same as that used for conversion as on the date of dispatch except that any amount collected or realised in a foreign currency and applicable towards reducing the insured debt shall be converted into Indian Rupees 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 at 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 the 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 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 shipments made by you to any **Insured Buyer** after the expiry of the Period of Cover specified in the Schedule unless you have got a fresh Schedule issued and attached to the **Policy** indicating that the shipment is made during the period of Period of Cover specified in the Schedule.

### (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 issue of the Policy.
  - (iii) We acknowledge having received the amount of Proposal Processing Fee along with Proposal and premium specified in the Schedule from you.
- (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.

#### 11. DECLARATION OF TURNOVER

You must declare to us in writing details of all your exports made during the Period of Cover at the time of renewal of the policy or such intervals mentioned in the schedule and in such format as we may specify in writing giving all relevant information relating to the shipments, such as the commodities exported, Gross Invoice Value, terms of payment, date of realization of proceeds, etc.,

#### 12. WAITING PERIOD

We shall not be liable for any loss until the expiry of the waiting period applicable to the respective cause of loss, which shall be:

- (a) In the case of Protracted Default, two months from the due date of payment;
- (b) In the case of insolvency, two 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 you with our approval;
- (d) In the case of inconvertibility, unless otherwise specified by us in writing, two months from the date of occurrence of the event
- (e) In the case of diversion of shipment, as mentioned in Part 1- Risks covered – Political Risks (v) as soon as the proof of loss to the satisfaction of the Corporation is furnished;
- (f) In all other cases, unless otherwise specified by us, two 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 by not later than 360 days from the due date of payment of the insured debt or 540 days from the expiry date of the Policy, whichever is earlier;
- (c) Any amount payable to you under the **Policy** will be paid to you through your bank that handled your corresponding export documents and had 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 have full discharge of our liability to you in respect of such payments;
- (d) After we have received a claim from you in our prescribed form duly completed in all respects together with all such supporting documents as we will specify and have ascertained the cause of loss and the amount of Insured Loss, we will pay to you subject to Condition 18 and the other provisions of the **Policy**, the Insured Percentage specified in the Schedule of the Insured Loss;
- (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 Insured Risk 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 his allegations relating to quality, quantity, shipment date, etc., in respect of your present or past supplies, or raises a counterclaim on you 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 legal or other appropriate proceedings. It is clarified that the disputes raised or allegations made by the **Insured Buyer** need not necessarily relate to any 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 Buyer or from any other person from whom such recoveries may be made;
- (b) With reference to a claim paid to you under the **Policy** in respect of an insured loss or with reference to a notification filed by you under Condition 3(b) or 3(c) of the **Policy** in respect of any payment remaining unpaid after it has become overdue or occurrence of any

insured peril, if 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) 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 Buyer** 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 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 the Insured Buyer'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 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 the **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 any of your **Insured Buyers**.

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

- (a) If you experience delays or difficulties in obtaining payment from the **Insured buyer's** country due to exchange transfer restrictions you shall require the **Insured Buyer** to pay to your account (or deposit irrevocably with a Bank in the **Insured Buyer's** country for your account) at the due date or as soon as you become 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 the **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. 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 risks** shall not exceed any of the following amounts, namely –

- (a) The **Insured Percentage** of the **insured loss**; and
- (b) The **Single Loss Limit** specified in the Schedule for claims arising from **insured loss** on shipments made to any one insured buyer; and
- (c) The **Maximum Loss Limit** specified in the Schedule for the aggregate maximum amount of claims arising from **insured loss** on all shipments made to all of the **insured buyers** during the entire Period of Cover under the **Policy**.

#### 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 paid under the policy.

#### 20. LAW AND JURISDICTION

The construction, validity and performance of this **Policy** and any disputes between 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**.

#### 21. POLICY DISPUTE

Any dispute concerning the interpretation of the terms, conditions, limitations and/or exclusions contained herein is understood and agreed to by both the Insured and the Company to be subject to Indian Law. Each party agrees to submit to the exclusive jurisdiction of the **High Court of Bombay in Mumbai** and to comply with all requirements necessary to give such Court the jurisdiction. All matters arising hereunder shall be determined in accordance with the law and practice of such Court.

### **PART - III EXCLUSIONS**

1. We shall not be liable for losses arising out of any shipment dispatched by you, where under your contract of export sale, payment of the invoice value of the goods sold by you is to be received under a documentary letter of credit (LC) if —
  - a. The LC opening bank has refused to make payment on the documents sent by you under the LC citing discrepancy in documents; OR
  - b. In response to your requirement as stated in the Proposal, we have excluded all such shipments from the purview of cover under the Policy and shown;

2. We shall not be liable for losses arising out of any of the **insured risks** that falls within the class of **Insured risks** that is specified as excluded from the purview of cover under the **Policy** in the **Schedule** in pursuance of your requirement as stated in the Proposal and specified against Excluded Class of **Insured Risks'** in the **Schedule**;
3. Unless we have agreed otherwise in writing, we shall not be liable for any losses where:
  - a. The buyer is one of your subsidiary or associated companies or you have any direct or indirect interest in or connection with the buyer other than that between a supplier and his customer; or
  - b. There is an unresolved dispute between you and the insured buyer;
4. We shall not be liable for any losses arising out of dispatch of goods to an **insured buyer-**
  - a. If as at the time of such dispatch, the Period of Cover specified in the Schedule has expired or the **Policy** is no more valid and is liable to be cancelled in pursuance of the provisions contained in the **Policy**; or
  - b. At a time when the whole or any part of a debt owed to you by that buyer is remaining unpaid after its due date; or
  - c. If is made after the date of the occurrence of any of the insured risks in respect of that insured buyer, unless we have agreed otherwise in writing; or
  - d. If as at the time of such dispatch, the buyer is one which is excluded from the purview of cover in pursuance of the provisions under Condition 7(a).
5. We shall not be liable for any losses arising out of —
  - a. your failure or the failure of any of your agents including a collecting bank or a carrier of goods to fulfill 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;
  - b. Your failure or the failure of your agents or of the **Insured Buyer** 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. The **insured buyer's** failure or inability to obtain any authority in force as at the date of dispatch of goods 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;
6. 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;
7. We shall not be liable for any loss arising out of any cause whatsoever that is inherent in the nature of the goods exported; and,
  8. 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 360 days from the due date of payment of the insured debt or 540 days from the expiry date of the Policy, whichever is earlier.

#### **PART - IV DEFINITIONS**

**1. MAXIMUM LOSS LIMIT**

'Maximum Loss Limit' means the aggregate maximum amount of claims admissible in respect of shipments made during the policy period and shall be the amount specified as such in the Schedule subject to any enhancement thereof by an endorsement attached to the policy.

**2. DISPATCH OR DISPATCHED**

'Dispatch' means passing or handing over of the goods to the first carrier for through carriage to the place where the Insured Buyer or his nominee is to accept them 'dispatched' will be construed accordingly.

**3. DUE DATE**

'Due Date' means the date on which an insured debt is due for payment by the insured buyer and will also include any extended due date duly agreed in writing between the Insured and the insured buyer with the approval of the Corporation. 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.

**4. GROSS INVOICE VALUE**

'Gross Invoice Value' is the invoice value of goods sold by the Insured and dispatched to the Insured Buyer at any time during the Period of Cover specified in the Schedule but excluding the invoice value of goods either for which payment is received on or before the dispatch of goods.

**5. INDEBTEDNESS**

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

**6. INSURED BUYER**

'An Insured Buyer' is any buyer to whom shipments are dispatched by the Insured in pursuance of a contract for export (including a deemed export) being not a buyer excluded from the purview of cover under any of the provisions of the policy.

## **7. INSURED DEBT**

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

- is owed to the Insured by an Insured Buyer, and
- is in respect of the invoice value of goods sold by the insured and dispatched 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

## **8. 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 the Insured by the Insured Buyer as 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, savings (on unpaid commission etc.) and recoveries;
- (c) In the event of CONTRACT REPUDIATION the 'Insured Loss' shall be so much of the loss suffered or expenses incurred by the Insured but not exceeding the amount of Insured Debt for bringing back the undelivered goods to Insured's country or for arranging for its resale, including any discount allowed to the alternate buyer provided however that the Insured have obtained prior approval of the Corporation in writing to so bring back or resell the undelivered goods.
- (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 as at the date of deposit or at the date of completion of the necessary transfer formalities whichever is the later; or
  - 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.
- (e) In the event of SHIPMENT DIVERSION the Insured Loss' shall be so much of the extra costs and expenses incurred by the Insured 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 RISK 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 Risk.

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—realisation.

#### **9. INSURED PERCENTAGE**

'INSURED PERCENTAGE' means the 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 and shall always be subject to the amount of Loss Limit. The Insured Percentage applicable under this Policy is as specified in the Schedule.

#### **10. INSURED RISKS**

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

- (a) **PROTRACTED DEFAULT**  
There is "PROTRACTED DEFAULT" when an Insured Buyer or an LC opening bank 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.
- (b) **INSOLVENCY**  
There is 'INSOLVENCY' when:
- (i) an Insured Buyer 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 the Insured Buyer or an LC opening bank is approved by the Court having jurisdiction or a compromise or arrangement is made binding by the Court on the Insured Buyer and all the Insured Buyer's creditors; 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 failure or refusal on the part of the buyer to accept delivery of a shipment after it has been dispatched by the Insured in accordance with a legally valid contract of sale provided however that the goods remain your property.

(d) **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 any part of it) to the insured 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.

(e) **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 Insured Buyer's country or as a result of the occurrence of war between India and the Buyer's country.

(f) **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 the Insured Buyer's country after dispatch of the goods and which cancellation directly prevents payment of the Insured Debt.

(g) **IMPORT RESTRICTION**

'IMPORT RESTRICTION' means the implementation after dispatch of the shipment by the Insured of any law (or regulation having the force of law) by the Government of the Insured Buyer's country which prohibits the import of goods into the Insured Buyer's country and which directly prevents payment of the Insured Debt.

(h) **SHIPMENT DIVERSION**

'SHIPMENT DIVERSION' means the interruption or diversion of voyage outside India that result in the Insured incurring extra costs and expenses towards additional handling, transportation or insurance in respect of goods dispatched by the Insured to an Insured Buyer. The Insured Buyer will be deemed to have been prevented from paying the Insured such additional costs and expenses if it is impracticable for the Insured to recover it from the buyer.



**Micro Exporters Policy**

**The Schedule**

**1. THE INSURED**

- (a) Name of the insured : \_\_\_\_\_
- (b) Address of the Insured : \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- (c) Email & Website : \_\_\_\_\_
- (d) Telephone/Fax No. : \_\_\_\_\_

**2. THE POLICY**

- (a) Import-Export Code : \_\_\_\_\_
- (b) Policy Number : \_\_\_\_\_
- (c) Date of Issue : \_\_\_\_\_
- (d) Place of Issue : \_\_\_\_\_

**3. PREMIUM & CHARGES**

- (a) Proposal fee : Rs. \_\_\_\_\_
- (b) Amount of Premium : Rs. \_\_\_\_\_  
 (Rupees ..... )
- (c) Other Charges (ST etc) : Rs. \_\_\_\_\_

**4. PERIOD OF COVER** : From ..... To .....

**5. INSURED PERCENTAGE** :

**6. SINGLE LOSS LIMIT** : Rs.5,00,000/-

7. MAXIMUM LOSS LIMIT : Rs.15,00,000/-
8. EXCLUDED CLASS OF RISKS : Open delivery transactions

\_\_\_\_\_  
\_\_\_\_\_

Dated at \_\_\_\_\_ the \_\_\_\_\_, 200 \_\_\_\_.

For Export Credit Guarantee Corporation of India Ltd.

Authorized signatory