

Domestic Credit Insurance Policy (DCIP) Policy Booklet

Eligibility Criteria	<ul style="list-style-type: none"> • A business entity with export sales of minimum 25% of their total sales; and • Business entities which are offering the export sales for credit insurance along with their domestic sales; and • Customers who are meeting the eligibility criteria for customized covers of ECGC.
Suitability	<ul style="list-style-type: none"> • Exporters seeking to cover their export as well as domestic sales against the risk of non-payment by the buyer in India.
Type Of Policy	<ul style="list-style-type: none"> • Turnover based cover for all sales made on credit • Exposure based cover on a particular buyer or on all buyers • Cover for supplies made under consignment basis
Scope	<ul style="list-style-type: none"> • Buyers located in India but not being in Specific Approval List (SAL) or Buyer Specific Approval List (BSAL) of ECGC, are eligible for cover subject to terms and conditions of the Policy. <p>(Note- The SAL and the BSAL details can be accessed by the Policy Holders through login credentials)</p>
Period of Policy	<ul style="list-style-type: none"> • 12 months
Risks covered	<ul style="list-style-type: none"> • Commercial Risk / Buyer Risk
Percentage of Cover	<ul style="list-style-type: none"> • 90% under Turnover Policy • 80% under other policies
Important Obligations of the Exporter	<ul style="list-style-type: none"> • Processing fee of Rs 15,000/- (non-refundable) is payable under whole turnover policy. Any additional DCIP would attract separate processing fee. • Notifying / Declaration of bills that have remained unpaid beyond 30 days from their due date of payment, by 15th of the subsequent month. • Obtain prior approval for extending the credit period beyond 90 days • Filing of claim within 360 days from the due date of bill, or 540 days from the expiry date of Policy Cover, whichever is earlier. • Taking loss minimisation steps and recovery steps including legal action. • Sharing of recovery • In respect of turnover based cover and supplies on consignment basis: <ul style="list-style-type: none"> ○ Obtaining valid credit limit on buyers from ECGC. ○ Submission of monthly declaration of shipments by 15th of the subsequent month. ○ Payment of premium in advance before commencement of risks and maintenance of sufficient premium deposit in advance based on turnover projection at all times during the policy. • In respect of multi buyer exposure cover: <ul style="list-style-type: none"> ○ Submission of quarterly statement of shipments before end of the first month of subsequent quarter. ○ Payment of premium on the Aggregate Loss Limit (ALL) of the Policy in advance, annually in full upfront or in quarterly instalments, as applicable. • In respect of single buyer exposure cover, annual advance upfront premium is payable on the loss limit approved.
Major Highlights of the Policy	<ul style="list-style-type: none"> • In respect of turnover based cover and supplies on consignment basis: <ul style="list-style-type: none"> ○ Higher percentage of cover ○ Competitive premium rate. ○ Premium outgo is proportionate to actual turnover. • In respect of exposure-based cover: <ul style="list-style-type: none"> ○ Aggregate Loss Limit (ALL) shall not be less than 10% of insurable export turnover under multi buyer exposure-based policies. Further, cover up to 10% of ALL shall be available on buyer, who is not in BSAL/SAL ○ Premium is payable only on the ALL irrespective of number or value of shipments. ○ Selective buyer is allowed to be covered under single buyer exposure cover. • No Claim Bonus (NCB) of 5% subject to no claim, up to a maximum of 50%.

Domestic Credit Insurance Policy (DCIP) Proposal Form (Fresh / Renewal)



1. Information of the Applicant

Registered Name of the Firm / Company : _____

Registered Address : _____

City :

State :

Phone Number :

GSTIN :

IE Code :

Contact Person & Designation :

Pin :

E mail :

Website :

PAN :

Mobile Number :

Status of the Company : (Proprietor / Partnership / Private Limited / Public Limited Company)

Name(s) of the Proprietor / Partners / Directors:

S No.	First Name	Middle Name	Last Name	PAN/DIN No.	Father's/Husband's Name

Banks Name and Address:

(i) _____

(ii) _____

Limits Availed:

S No.	Type	Amount

2. Nature of Business

Manufacturer Trader Others _____

SME Classification : Micro Small Medium N.A

Commodity / Type of Service _____

(Raw Material / Semi Finished / Finished)

Details of sister concerns/associates _____

Years of Experience _____

3. Sales History

For Past 12 Months		
Total Sales (Rs in lakh)	Credit Terms	Receivables as on date
Domestic : _____	Normal : _____ days	Domestic : _____
Exports : _____	Longest _____ days	Exports : _____

Projected for 12 Months		
Total Sales (Rs in lakh)	Credit Terms	Maximum Exposure (Rs in lakh)
Domestic : _____	Normal : _____ days	Domestic : _____
Exports : _____	Longest _____ days	Exports : _____

4. Please select the required type of Policy Cover

Turnover Policy	<input type="checkbox"/>
Exposure Policy (Multi Buyer)	<input type="checkbox"/>
Exposure Policy (Single Buyer)	<input type="checkbox"/>
Consignment Sales (Stock Holding Agent and ultimate Buyer)	<input type="checkbox"/>
Consignment Sales (Stock Holding Agent)	<input type="checkbox"/>
Consignment Sales (Ultimate Buyer)	<input type="checkbox"/>

5. Classification of Buyers

Manufacturer Trader Others _____

6. Buyer Details

Name and address with contact no. (1)	Estimated sale (Rs in Lakh) (2)	Normal terms of payment (3)	Limit required (Rs in lakh) (4)	PAN (5)	GSTIN (6)	IE Code (7)

7. Past 5 years' experience (Financial Year wise)

(Rs in lakh)

Year	Turnover	Credit sales	Bad Debts			
			Nos.	Total Amount	Recovered	Largest Bad debt

8. Distribution of debtors (as of date)

(Rs in lakh)

Range of debt		No. of debtors	Total amount of debt outstanding
	to		
	above		
TOTAL			

9. Age-wise analysis of debt (amount) (Rs in lakh)

	Up to 30 days	31-60 days	61-90 days	More than 90 days
Not yet due (i.e. Outstanding)				
Past the due date (i.e. Overdue)				
TOTAL				

10. Details of Defaulted Buyers (Furnish details of buyers with overdue beyond 90 days)

S No.	Name of the buyer and address	Date of supply	Amount (Rs in lakh)	Remarks

11. Credit evaluation of buyers based on credit report obtained from

- (i) CRISIL (ii) SMERA (iii) ICRA (iv) D & B (v) Others

(Enclose copy of the credit report obtained, if any, on the buyer not older than 12 months)

- Credit Reports
- Financial Statements
- Trade References
- Others (Please specify)

12. Receivables Management

Telephone calls	_____ days after due date	Demand notice	_____ days after due date
Collection agency	_____ days after due date	Legal action	_____ days after due date
Stop shipments	_____ days after due date	Other action	_____ days after due date

13. Other Credit Insurance

Has your company ever taken credit insurance? Yes No

(If yes, furnish details of the previous policy)

Domestic Credit Insurance _____

Export Credit Insurance _____

14. General Information :

- Please attach copy of Audited Annual Report / Balance Sheet / Profit & Loss account for last three years.
- Please attach copy of IEC, PAN, GSTIN, Address Proof, and other relevant KYC documents.
- Please attach separate sheet, wherever required.

15. Declaration

We hereby confirm that we have read the proposal form along with terms and conditions of the policy and declare that the information given in this form (including the additional statements, forms, and attachments) is correct to the best of our knowledge and belief and are not aware of any additional circumstances which might influence your acceptance of the risk.

We further declare that none of our buyers is a subsidiary or associate company of ours and that we have no interest, direct or indirect, in any of our buyers. (We understand that an entity shall be an associate entity of the applicant/proposer/exporter, If the applicant/proposer/exporter or any of its Director/Partner/Proprietor has any direct or indirect interest in or connection with other business entity (in India or Overseas) be it managerial, financial or is owned/controlled by members of same family or close relatives and/or vice-versa, such a relationship between them shall be treated as holding company, subsidiary, associates, joint ventures or group company/concerns relationship between/among them.)

We understand and agree that in the event of a claim for any loss sustained by us being admitted by ECGC under this Policy or any endorsement which may at any time be attached to this Policy Bond, it shall be paid by ECGC directly to the bank named in the proposal form. In that event, the banks receipt would be a full legal discharge to ECGC and ECGC shall have no further obligation to us.

Signature of the Authorized Person _____

Date : Name and Designation _____

Place : Official Seal _____

Note:

1. No insurance cover will be in force and the liability of ECGC Limited does not commence until the due premium has been paid, the risk assessment has been done by ECGC and the proposal has been approved by ECGC.
2. Section 41 of Insurance Act, 1938:-“No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the Policy, nor shall any person taking out or renewing or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with published prospectuses or tables of the Insurer; provided that acceptance by an insurance agent of commission in connection with a Policy of life insurance taken out by himself on his own life shall not be deemed to be acceptance of a rebate of premium within the meaning of this sub-section if at the time of such acceptance the insurance agent satisfies the prescribed conditions establishing that he is bonafide insurance agent employed by the Insurer.

(Any person making default in complying with the provisions of this section shall be liable for a penalty which may extend to ten lakh rupees)

Domestic Credit Insurance Policy Policy Schedule



Referred to in and forming part of Policy Document

Proposal No. & Date	
Policy No. & Date	
Import Export Code	
Name of the Insured/ Seller	
Address of the Insured / Seller	
Bank's Name and Address of the Insured / Seller	
Period of the Policy	
Type of Cover	(Turnover/Exposure/Consignment)
Percentage of Cover	
Excess of Loss	
Sales Declaration Submission	Monthly/Quarterly/Not Required
Maximum Liability-ML (In case of Turnover and Consignment Policy)	in figures and Words
Aggregate Loss Limit-ALL (in case of MBEP)	in figures and Words
Single Loss Limit-SLL (In case of MBEP)	10% of ALL
Loss Limit (in case of SBEP)	in figures and Words
Minimum Premium	
Limit on the Agent	
Discretionary Limit on the Buyer (As per Clause 21 of the Policy)	NIL (Note: Credit Limit on individual buyer to be sought by the Policyholder by submitting CLA along with Processing Fees.)
Applicable Premium Rate	As per the attached Rate Chart
Quarterly Installment Premium (For MBEP Policy)	

Date:

Place:

For ECGC Limited,

Signature

Designation

Domestic Credit Insurance Policy
Covering Letter

To
(Name and address of the Exporter)

Dear Sir/Madam,

Subject: Issue of Domestic Credit Insurance Policy (DCIP-Turnover basis/DCIP Single Buyer Exposure/DCIP-Multi buyer exposure/DCIP-Consignment Sales/DCIP-Stockholding agent and Ultimate buyers/DCIP-Stockholding Agent/DCIP-Ultimate buyers) under the Policy No.....pertaining to M/s

Thank for opting the above policy from us. This Policy can be of valuable assistance to you, if payment for any of your supplies covered is not received due to the risks as mentioned covered in the policy.

With reference to your proposal for issue of Domestic Credit Insurance Policy, we enclose herewith the following:

- (i) Schedule
- (ii) Policy Document (Bond)
- (iii) Forms and Formats such as CLA form/declaration form/Overdue statement form etc.

Availability of Cover on Buyer including ultimate buyer - In case of turnover and consignment policy, cover on a particular buyer shall be subject to our approval based on your credit limit application along with credit limit application fee of Rs. 500 (inclusive of GST) as these policies shall not have any Discretionary Limit (DL). However, in case of exposure-based policy of MBEP, the cover up to Single Loss Limit (SLL) shall be as specified in the Schedule. The cover shall be available only in respect of such transactions where the goods have been delivered and accepted by the buyer.

In case of exposure-based policy of SBEP, it may be noted that the Loss Limit (LL) as specified in the Schedule has been approved on the insured buyer M/s _____

Similarly, in case of Consignment-based policy, it may be noted that the Maximum Liability (ML) as specified in the Schedule has been approved on the insured stockholding agent M/s _____.

Payment of Premium- To remit the premium in advance in such a way that sufficient premium should be available before effecting the shipment.

Shipment Declaration-The supplier has to submit a monthly report in the prescribed format for the supplies made by them to their buyers by 15th of subsequent month under the turnover policy and consignment policies. Whereas, under exposure-based Policy of multi-buyer and single-buyer, the supplier has to submit the details of sales as per format on a quarterly and annual basis respectively.

Submission of Overdue Statement-: In case payment for any of the supplies made remains overdue for a period of 30 days or more from the due date as at the end of the month, please Submit overdue statement to ECGC by the 15th of the succeeding month.

Time Limit for Lodgement of Claim- Claim should be lodged separately for each buyer in the prescribed form within 360 days from the due date of unpaid invoice(s)/ bill, or 540 days from the expiry date of Policy Cover, whichever is earlier, along with all the necessary documents mentioned in the claim form, duly certified by your bank/ chartered accountant.

You may kindly obtain the User ID and Password to access the website of ECGC for verifying the 'Specific Approval List (SAL)' and 'Buyer Specific Approval List (BSAL) data. You are required to check the website of ECGC at www.ecgc.in before supplying goods to any of the buyer as cover on such buyers shall not be available if they are on SAL/BSAL. In case of any difficulties, you may approach the nearest servicing branch of ECGC.

The contents of this letter form part of the terms and conditions of this Cover. In case you wish to have any additional information or clarification at any time, please write to us.

Thanking you,

Yours faithfully,

(For ECGC Limited)

Domestic Credit Insurance Policy (DCIP)

BOND

ECGC Limited
(A Government of India Enterprise)
Registered Office: ECGC Bhawan, CTS No. 393, 393/1-45, M V Road, Andheri East,
Mumbai - 400069 India

Policy Number:
Date of Issue :
Place of Issue :

Domestic Credit Insurance Policy issued by the ECGC Limited (formerly known as Export Credit Guarantee Corporation of India Limited) (hereinafter referred to as "ECGCC") to the seller specified in Schedule (hereinafter referred to as "the Insured"), at the place and on the date mentioned in the said Schedule;

WHEREAS the Insured has made a proposal (hereinafter referred to as "the Proposal") on the date specified in Schedule requesting ECGC to insure it against a proportion of any loss that they may sustain by reason of certain risks involved in the domestic sales of goods in pursuance of a contract with a buyer;

AND WHEREAS the Insured has agreed that the said Proposal shall be the basis of this Policy;

AND WHEREAS the Insured has paid to ECGC the amount mentioned in Schedule towards 'Minimum Premium' (the receipt of which is hereby acknowledged by ECGC) for issue of this Policy;

NOW THEREFORE, in consideration of the said Premium paid by the Insured and the promise to pay further premiums that may become payable in terms of this Policy, ECGC hereby insures the Insured in accordance with the terms and conditions hereof and subject to the exclusions to the 'Risks Insured' and limitations to ECGC's liability, against a percentage of the Amount of Loss as hereinafter defined, which insured may sustain due to the following causes (hereinafter referred to as "Risks Insured") in respect of supply of goods by the Insured.

RISKS INSURED AND EXCLUSIONS

(1) Risks Insured

- (a) Legally confirmed Insolvency of the Buyer;
- (b) Wilful/Protracted default by the Buyer in payment, for the supplies received

(2) Exclusions to the Risks Insured

ECGC shall not be liable to the Insured in respect of any loss the Insured may suffer, the proximate cause for which is a risk other than any of those specifically listed under the 'Risks Insured' herein above. Without limiting the generality of the aforesaid, losses arising out of any of

the following causes are specifically excluded from the purview of cover under this policy, i.e., any loss that arises from —

- (a) Dispute with the Buyer and/ or agent (delay of payment because of dispute)
- (b) Trade between associate companies, individuals and with Government or Public institutions.
- (c) Trade of cash settlement.
- (d) Loss on account of late payment, interest or extra charges.

TERMS AND CONDITIONS

(3) Representations and disclosures by the insured

(a) Proposal and Declaration

The proposal and the declaration therein shall be the basis of this Policy and shall form part thereof and if any of the statements contained in the Proposal or the Declaration be untrue or incorrect in any respect, this policy shall be void but ECGC may retain any premium that has been paid.

(b) Disclosure of Facts

Without prejudice to any rule of law it is declared that this Policy is given on condition that the Insured has, as at the date of issue of this Policy disclosed and will at all times during the operation of this policy promptly disclose all facts in any way affecting the risks Insured.

(c) Coverage

Subject to the terms and conditions contained herein, this Policy shall apply to the supply of goods/services, within India, on credit terms to buyers located in the country i.e. India.

(d) Exclusion

Supplies to buyers specified in Schedule are excluded from the purview of cover under this Policy save and except for those sales in respect of which the Insured has applied for and obtained specific prior written approval from ECGC. Cover in pursuance of any such specific approval by ECGC as aforesaid shall be further subject to payment of such additional fees and to such additional conditions, restrictions and/ or

qualifications as ECGC may stipulate in each such approval.

Except with the approval in writing of ECGC (which ECGC shall not be obliged to give), this policy shall not apply to any supplies which:

- (i) Made under a contract or agreement of sale which does not specify the nature, quantity and/ or price of the goods sold or agreed to be sold or the due date of payment.
- (ii) Involves granting of credit for a period longer than 90 days from the date of supply.
- (iii) Supplies made/ services provided and invoiced by the Insured to a Buyer after previous supplies become overdue on that buyer.

(e) Withdrawal of Cover

ECGC shall be at liberty at any time to give written notice to the Insured that, as from such date (not being earlier than the date of the notice) as may be specified in the notice, this Policy shall not apply to any sales that may be made to any particular buyer or all the buyers and /or agent(s) specified in the notice.

Duties of the Insured (Applicable to all types of covers mentioned in the schedule)

(4) Obligations of the Insured

The Insured shall —

- (a) Use all reasonable and usual care, skill and foresight and take all practicable measures, including any measures which may be required by ECGC to

prevent or minimize loss, including institution of legal proceedings against the Buyer and / or agent or anyone else to recover costs and damages, etc.;

- (b) Notify to ECGC in writing of the occurrence of any event likely to cause a loss without delay but in any case, by not later than 30 days of becoming aware of any such occurrence;
- (c) Exercise their right to stop further supplies unless ECGC consents in writing to the insured for refraining from so doing if, it comes to the Insured's knowledge that the buyer and /or agent has become insolvent or facing grave financial problem;
- (d) The Buyer and / or agent has refused to honour his commitment under the contract;
- (e) Furnish ECGC promptly with all such information as ECGC may require at any time with regard to the supply of goods made by Insured during the Policy Period; and
- (f) Retain so much of the amount of loss as is in excess of the percentage of loss covered and payable by ECGC under this policy or the first portion of the loss mentioned as Excess of Loss in respect of each transaction that has been agreed to be borne by the Insured and mentioned in the Schedule to its own account and uninsured.

Declarations (Except clause 5 (b) which is applicable to all kinds of covers, clause 5(a) shall be applicable only to turnover based and consignment basis covers as specified in the schedule)

(5) The Insured shall deliver to EGCC

- (a) a declaration of supplies made in the prescribed form within the specified period giving information on all the supplies made by Insured during the previous month. If no supply has been made during a month, a 'NIL' declaration shall nevertheless be submitted;
- (b) a declaration of overdue payments in the prescribed form within the specified period giving information on all such supplies as were insured under this policy and in respect of which the payment due from the Buyer remained wholly or partly unpaid after having become overdue for not less than thirty days as at the close of the preceding month and shall continue to deliver such declarations of overdue payments so long as any such payment remains outstanding;

PREMIUM

(6) Minimum Premium (Applicable only to turnover based and consignment basis covers as specified in the schedule)

No part of the Minimum Premium specified in Schedule and which has been paid by the Insured shall be refundable or be carried forward whether or not any part of it remained in balance after due adjustment against premiums on supplies made by the Insured and declared to ECGC. The Minimum Premium shall be adjusted towards premium falling

due on the supplies declared to ECGC provided however that premium due on supplies shall not be deemed to have been paid unless and until the relevant supplies declaration is duly submitted in time not withstanding that credit balance was available with ECGC.

(7) Premium in case Exposure based cover only (Not Applicable to turnover based and consignment basis covers as specified in the schedule)

- (a) The amount of Premium due and payable under the exposure based cover shall be specified in the schedule.
- (b) The entire amount of premium falls due and becomes payable forthwith upon acceptance of the Insured's proposal for issue of the Policy.
- (c) In case ECGC agrees for accepting the premium in installments, on a specific request of the Insured, this shall not alter the unitary and indivisible nature of the premium. Any such facility of allowing the payment of premium in installments shall be incorporated in the schedule and shall form part of the Policy conditions.
- (d) In the event of a claim arising under this policy, the installment facility, if any, shall stand withdrawn with immediate effect and the entire amount of premium shall become payable immediately before claim is registered.

(8) Incidence of premium, Advance Deposit of Premium and payment of credit Limit Application

processing fee (Applicable only to turnover based and consignment basis covers as specified in the schedule):

The Insured shall be liable to pay premium at the rate specified in schedule hereto or, as the case may be, at such other rates for the time being in force on the gross invoice value of all the supplies to which this policy applies.

- (a) **Incidence of Premium:** Premium payable on a supply falls due on for payment forthwith before making the supply, time being of essence.
- (b) **Advance Deposit of Premium:** The insured shall, prior to making any supplies, deposit and keep deposited with ECGC amounts that are sufficient and adequate to meet the premium that falls due for payment upon making of supplies or the amount of quarterly instalments of premium as specified in schedule to be payable at the beginning of each quarter. If, as on the date of making supplies, Nil or insufficient balance is to meet the full premium due on that / those supplies, ECGC shall have no liability to indemnify the Insured for losses in respect of the said supplies but the Insured shall not be absolved of their obligation to pay the amount of premium that was due thereon.
- (c) **Payment of Premium and Maintenance of sufficient Balance with ECGC.** The Insured shall ensure that throughout the period of cover that balance available with ECGC is not less than the amount of premium that shall

become payable on the supplies as per monthly declarations to be submitted by the Insured.

- (d) **Adjustment of Premium against supplies made:** Upon receipt of the monthly declaration of supplies in pursuance of condition 5 (a), ECGC will adjust the amount due so declared by the Insured against the credit balance available with ECGC.
- (e) **Consequence of inadequacy of credit balance in the Deposit Premium Account:** In the event of inadequacy of sufficient balance with ECGC for adjustment of premium due on the supplies made and declared by the Insured, premium will be adjusted against supplies in its chronological order. No cover under the policy will be available on a supply if as on the date that supply, the balance available with ECGC was insufficient to meet the full amount of premium due on that supply.
- (f) **Carry forward / refund of the amount of credit balance in Deposit Premium Account:** Upon the expiry of period of cover and renewal of the policy for a fresh period, the outstanding credit balance, if any, remaining with ECGC will be carried forward to the renewed policy and in the event of the Insured not renewing the policy after the expiry of the period of cover, they will be eligible to seek refund of the said amount of credit balance PROVIDED HOWEVER THAT no part of the Minimum

premium shall be carried forward or refunded.

- (g) **ECGC's right to receive the full premium:** ECGC shall be entitled to demand, receive and retain the full amount that was due towards premium on every supply that was made by the Insured during the policy period (save and except supplies exempted or excluded) not withstanding whether or not ECGC cease to have any liability in respect of any such supply by reason of any breach, failure, negligence, lapse or other act of omission or commission on the part of the Insured, including (but not limited to) inadequacy of sufficient credit balance in the Deposit Premium Account to meet the amount of premium due thereon as on date of making supplies, delay in submission or non-submission of the relevant declaration of overdue payments in respect of a supply in pursuance of condition 5 (b) etc.
- (h) **Payment of Credit Limit Application Processing Fee:** The Insured shall, while applying for setting up a credit limit on the buyer in pursuance of condition 20 (a) of the policy remit such amount as may be specified by ECGC towards credit limit application processing fee.

(9) Gross Invoice Value

In this Policy, the gross invoice value of supply shall include any insurance, freight, sales/service tax or other charges paid or to be paid by the Insured on behalf of the Buyer.

(10) Variation of Premium Rates

Premium Rates may be varied upon written notice to that effect being given to the Insured by ECGC. In such a case the change will take effect as from the date specified in such notice and will apply only to the supplies on or after that date provided that if the rate of premium for the time being in force as set out in the schedule is increased, the insured shall be entitled within fourteen days after the date of the notification of such increase, to stop covering further supplies from the purview of the policy and in that event no premium shall thereafter be payable in respect of any supply made, nor shall the ECGC be liable in respect of any supplies made subsequent to the date specified in the said notice.

CLAIMS

(11) Percentage of the amount of loss payable

The percentage of the amount of loss that ECGC hereby agrees to pay will be as mentioned in the Schedule. Notwithstanding anything contained herein or in the schedule, in special circumstances, where ECGC is of the opinion that a higher share of loss should be borne by the Insured then such reduced percentage of cover shall be intimated in accordance with clause 20 (a) of this policy and such percentage of cover shall apply to the transactions with such buyer.

(12) Amount of Loss

The amount of loss for the purpose of payment of a claim under the policy shall be the relevant Gross Invoice Value less:

- (i) the amount which, at the date at which the loss is ascertained, the buyer would have been entitled to take into account by way of payment, credit, set-off

or counter-claim or which the Insured is entitled to appropriate in whole or in part payment of the price of the goods; and

- (ii) Any expenses saved by the non-payment of agent's commission or otherwise; and
- (iii) Any part of the gross invoice value of the goods which represents interest payable by the Buyer for credit facilities.
- (iv) any expenses saved by the non-fulfilment of the contract for the sale of those goods;
- (v) any sums which, at the date at which the loss is ascertained, the Insured has recovered from any source, including realization of any security or materials and any sums or credits in their possession which the Insured is entitled to appropriate as or towards payment of the purchase price, or any part thereof provided that the sums so recovered or realized from any security or resale of any goods or material shall be the sums less all expenses of recovery, realization or resale;
- (vi) the amount of Excess Loss Limit, in case of exposure based cover, agreed to be borne by the Insured and is mentioned in the Schedule and
- (vii) Amount of loss for the purpose of this cover, in case of dispute between the Buyer and the Insured where the Insured has obtained a judgment in its favour, shall not exceed the amount for which the judgment has been obtained or the amount arrived at in the preceding clauses whichever is lesser

(13) Time for Ascertainment of the Amount of Loss

Subject to the submission by the Insured of a claim in the prescribed form duly supported by evidence which, in the opinion of ECGC is sufficient for verification and ascertainment of the cause of loss, ECGC will pay to the Insured so much of the amount of loss as is hereby Insured immediately after the loss has been ascertained. No amount in respect of any supplies shall become due and payable by ECGC under this policy until and unless the loss has been ascertained. The time for ascertainment of loss will be 90 days after the due date/extended due date of payment (if it is specifically approved by ECGC) for the supplies made and covered under the policy.

(14) Payment of Loss

The Insured shall, as a condition precedent to the payment of a percentage of any loss as herein defined, procure and deliver to ECGC a letter from the Bank which holds the documents pertaining to the supplies concerned acknowledging and agreeing

- (a) that the bank holds the same in trust for ECGC, and
- (b) that the Bank shall, upon demand by ECGC, deliver them to ECGC, and
- (c) that, if the Bank shall receive any payment against such documents, the Bank shall make payment thereof according to the directions of ECGC in writing.

(15) Limitation of ECGC's Liability

ECGC shall not be liable for payment of any loss —

- (a) in respect of supplies if the whole or any part of the invoice value receivable by the Insured has been assigned by the

Insured without full recourse save and except where prior approval in writing of ECGC has been obtained for such assignment; or

- (b) in respect of a debt as to which the Insured has extended the period for payment or has accepted a composition arrangement with the Buyer without the prior approval in writing of ECGC.

PROVIDED THAT in any of the aforesaid cases the **Insured** shall be liable to pay and ECGC shall be entitled to demand, receive and to retain the full premium that was due on all such supplies.

(16) Exclusions to ECGC's Liability

Notwithstanding anything to the contrary stated elsewhere in this policy, unless otherwise agreed to by ECGC in writing, ECGC shall cease to have any liability in respect of the invoice value of any supplies or part thereof —

- (a) If the Insured has failed or neglected to duly declare in time in strict compliance with the requirements under condition 5 (a) of the policy any one or more of the supplies that were required to be declared under the said condition and/or to pay the full premium that was due thereon; or
- (b) In respect of which the Insured has failed to submit the relevant declarations of overdue payments as required in strict compliance with the requirements under condition 5 (b) of the policy;
- (c) If the Insured has failed or neglected to duly lodge a claim with ECGC in the prescribed form within the specified period.

(Condition No.16 (a) above are not applicable to exposure-based covers)

(17) Maximum Liability

The aggregate liability under the declaration based policy during any one Policy-Year shall not under any circumstances exceed the amount specified in Schedule as the Maximum Liability, subject to such modifications as may be agreed to from time to time by way of endorsements.

(18) Single Loss Limit (Applicable to Exposure based covers involving multiple buyers only)

Liability of ECGC in respect of each Buyer shall not exceed the amount stated as Single Loss Limit in the schedule. **Single Loss Limit** shall stand withdrawn as soon as an overdue has been reported in respect of a particular buyer in pursuance of clause 5 (b) above, irrespective of whether the overdue amount is less than, equal to or greater than the amount of **Single Loss Limit**.

CREDIT LIMIT AND SHARING OF RISKS

(19) Credit Limit

The liability of ECGC under turnover based and consignment basis covers for losses occasioned owing to any of the risks described under the Risks Insured in respect of supplies made to any one buyer shall be limited to the amount hereinafter defined as the Amount of Credit Limit.

(20) Amount of Credit Limit (Applicable only to turnover based and consignment basis covers as specified in the schedule)

The amount of Credit Limit on any particular buyer shall be —

- (a) Where on an application made by the Insured in the prescribed form, ECGC has approved and communicated to the Insured in writing an amount as the Credit

Limit on a particular buyer, the amount so specified shall be the credit limit in respect of that buyer. Such approved credit limit shall always be subject to the terms of payment and the terms and conditions specified in or appended to the relevant credit limit approval. If, in respect of any particular buyer, ECGC is of the opinion that a higher share of loss shall be retained by the Insured and has specified a percentage as the percentage of loss covered in respect of that particular buyer then in that case, irrespective of what is stated, the percentage of loss payable by ECGC for any loss arising out of risks on that buyer shall not exceed the said percentage so specified in the credit limit approval.

- (b) Where no application for approval of credit limit has been made by the Insured or where against an application made, ECGC is yet to communicate its decision to the insured, then the credit limit shall be equivalent to the amount of Discretionary Credit Limit hereinafter defined and as specified in the schedule.

(21) Discretionary Credit Limit (DL) (Applicable only to turnover based and consignment basis covers as specified in the schedule)

Discretionary Credit Limit as specified in the schedule will be subject to

- (a) a written report from an independent credit agency dated, not older more than 12 months before the date of the oldest outstanding invoice, which supports the amount of credit given. If the report speaks for a lesser amount, then ECGC

shall be liable to pay only the Insured percentage of that amount; **Or**

- (b) a written report from the Buyer's bankers dated not more than 12 months before the oldest outstanding invoice supports a figure at least twice the amount of credit given. If the reference speaks for a smaller figure, then ECGC shall be liable for the insured percentage of half the amount spoken for; **Or**
- (c) Good trading experience obtained within a 12-month period preceding the establishment of an insured debt. The credit limit given should not exceed 125% of the maximum outstanding debt recorded with the Buyer and satisfactorily paid. Good trading experience is where no Bill remains unpaid for more than 30 days after the due date for payment, subject to the payment of a minimum of three invoices within the due date of payment.

Provided that a written communication sent by ECGC approving credit limit for lesser amount than what is mentioned in the schedule or regretting any credit limit on a particular buyer shall prevail over the discretionary limit mentioned in schedule.

RECOVERIES

(22) Action after payment of claim

Upon payment of a claim under this Policy by ECGC, the Insured shall take all steps which may be necessary or expedient or which ECGC may at any time require to effect recoveries whether from the Buyer or from any other person from whom such recoveries may be made including (if so required) through institution of legal or other

proceedings and upon being so advised by ECGC, shall —

- (a) assign and transfer to ECGC their rights under the relevant contract in respect of which the loss occurred and such claim payment was made, including their right to receive any monies payable under such contract or his right to damages for any breach thereof;
- (b) deliver up to ECGC any goods in respect of which such payment has been made and any documents relating thereto and assign and transfer to ECGC their right and interest in any such goods and documents; and
- (c) Assign, deliver or otherwise transfer to ECGC any negotiable instruments, guarantees or other securities relating to such goods or contracts.

(23) Recovery expenses

Any expense incurred by the Insured with the consent of ECGC or by ECGC for the purpose of effecting recoveries from the Buyer or from any other source shall be the first charge on any amounts recovered thereafter.

(24) Sharing of Recoveries

Any sums recovered, by the Insured or by ECGC after the payment of Claim from the Buyer or from any other source shall be shared between ECGC and the Insured in the proportion in which the amount of loss was borne by each of them according to the terms of this Policy, whether or not such sharing results in the retention by ECGC of a greater or lesser sum than the amount paid by ECGC under this policy in connection with the amount of loss, whatever be the cause, circumstance or reason for such retention. The Insured shall pay

to ECGC all sums so recovered forthwith upon being received by him/her or by any person on their behalf, the Insured hereby acknowledging and declaring that until such payment is made to ECGC he receives and holds such sums in trust for ECGC.

GENERAL

(25) Assignment

The Policy or any amount payable hereunder shall be assignable only with the prior approval in writing of ECGC.

(26) Fraudulent Claim

If the Insured makes any claim hereunder knowing the same to be false or fraudulent or if any fraudulent or dishonest means or devices are used by the Insured or any one acting on their behalf to obtain any benefit under this Policy, the liability of ECGC hereunder shall cease and the Insured shall have no claim hereunder and shall repay to ECGC on demand all sums previously paid under this Policy by ECGC. ECGC shall however be entitled to retain all payments made to it by way of premium or otherwise.

(27) Observance of conditions

The due performance and observance of each term and condition contained herein or in the Proposal or Declaration shall be a condition precedent to any liability of ECGC hereunder and to the enforcement thereof by the Insured.

(28) Failure to comply with conditions.

No failure by the Insured to comply with the terms and conditions shall be deemed to have been waived, excused or accepted by ECGC unless the same is expressly so waived, excused or accepted by ECGC in writing and such waiver,

excuse or acceptance shall be subject to such terms and conditions as ECGC may stipulate, including a reduction in the percentage specified in this Policy, being the percentage of loss payable by ECGC.

(29) Uncovered Risks

If any account or bill (or any extension or renewal thereof) in respect of any supplies declared hereunder exceeds the limits hereinbefore provided or is otherwise not in accordance with the Policy, mere acknowledgement of the declaration by ECGC or any payment or tender of premium by the Insured or its acceptance by ECGC shall not be deemed to binding on ECGC to undertake liability in respect of such account or bill (or to approval of the renewal or extension).

(30) Payment of Claim

If a claim for any loss shall be made by the Insured under this policy or under any endorsement which may at any time be attached to this policy and the claim shall be admitted by ECGC (but not otherwise), it shall be paid by ECGC direct to the bank which handled the documents pertaining to the relevant supplies concerned on discount or collection basis to enable the Bank to apply the amount to adjust the debit balance, if any, in the account of the Insured and, in the event of ECGC making the payment to the bank as above, the bank's receipt would be in full legal discharge to ECGC therefore and ECGC shall have no further obligations to the Insured.

(31) 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 ECGC to be subject to Indian Law. Each party agrees to

submit to the exclusive jurisdiction of the High court of Bombay at Mumbai or at the place of issue specified in the Schedule or Bond and to comply with all requirements necessary to give such Court of jurisdiction. All matters arising hereunder shall be determined in accordance with the law and practice of such Court.

DEFINITIONS

In this policy, unless repugnant to the context or meaning, the following words or group of words, as the case may be, shall have the meaning assigned to them herein.

(32) Amount of Loss

Amount of Loss means the amount arrived at in accordance with the provisions of clause 12 of the policy, with reference to the relevant cause of loss.

(33) Buyer

Buyer means any legal entity, that is liable to the Insured for payment of the invoice value of the supplies made by the Insured and would include Insured's Stockholding Agent and the Ultimate Buyer (if covered under the Policy) but would not include any entity on which risk has not been accepted by ECGC under any of the clauses of the Policy.

(34) Due date of payment

Due date of payment means the date on which payment falls due to the insured from the buyer and where an extension of the due date has been agreed to by the Insured with the written consent of ECGC, will include such extended due date.

(35) ECGC

ECGC means 'ECGC Limited', having its registered office at ECGC Bhawan, CTS No. 393, 393/1-45, M V Road, Andheri East, Mumbai 400069, India.

(36) Excess of Loss

This is the amount of loss in respect of each supply which the Insured has agreed to bear on his/her own account and which has been taken in to consideration for determining the rate of premium under the policy and ECGC shall be liable for the loss, if any, in excess of this amount to be considered for payment of claim in respect of each transaction.

(37) Insolvency

The buyer shall be deemed to be insolvent for the purpose of this policy when:-

- (a) It is declared bankrupt, or
- (b) it has made a valid assignment, composition or other arrangement for the benefit of its creditors generally, or
- (c) a receiver has been appointed to manage its estate, or
- (d) if the buyer be an incorporated body
 - (i) an order has been made for compulsory winding up, or
 - (ii) an effective resolution has been made for voluntary winding up provided that such resolution is not merely for the purpose of reconstruction or amalgamation
- (e) an arrangement binding on all the creditors has been sanctioned by the Court, or
- (f) Whether the buyer be an incorporated or unincorporated body, such conditions exist as are substantially equivalent in effect to any of the foregoing conditions.

(38) Insured

Insured means the Supplier named as such in the Schedule.

(39) Notice / Notification

To give written Notice or to notify means a written communication sent to the Insured by ordinary post or by courier or by any other means ordinarily used for transmission of such communications in contemporary times, including electronic means, at the latest address registered with ECGC.

disposed of in any way by the approved buyer and or agent whilst in transit.

(44) Ultimate Buyer

Ultimate Buyer means the buyer to whom the Stockholding Agent sells, under a valid contract of sale, the goods supplied by the Insured.

(40) Policy Period

The period set out in the Schedule, for which cover is given.

(41) Single Loss Limit

This denotes the maximum amount of loss that will be considered for payment of claim in respect of Supplies made to each of the buyer covered under the relevant Policy as mentioned in the schedule.

(42) Stockholding Agent

Stockholding Agent means an independent business entity within India which is not a subsidiary company/unit of the Insured and is not managed or controlled by the Insured with whom the Insured has entered into an agency agreement (the particulars of which are specified in the schedule) with the objective of receiving and selling the goods supplied by the Insured in pursuance of the agency agreement.

(43) Supplies

When goods/services in question have physically passed irretrievably from the control of the Insured into the control of approved buyer(s)/their agent(s) or when title to the goods/services has passed to the approved buyer(s) and or agent(s) and the approved buyer/its agent or approved agent(s) have accepted them. The buyer and / or agent shall also be deemed to have accepted delivery of goods if they are sold or

Domestic Credit Insurance Policy (DCIP)



Claim Form

(Separate form is to be used for each buyer)

1. Name & Address of the Policyholder : _____

2. Policy No. : _____

3. Policy Period : _____

4. Name & Address of the Buyer : _____

(provide buyer code if available)

5. Amount of Limit available on the Buyer : Rs _____

6. Experience with the buyer

(Please furnish the details of sales for the last two years. Kindly use this format in a separate sheet)

S No.	Date of Sales	Invoice Value (In Rs)	Terms of Payment	Due Date	Realization Date

7. Cause of Loss : Protracted/Willful Default by the Buyer **OR** Insolvency of the Buyer

8. Details of supplies made for which claim is lodged

(Use separate sheet, if necessary)

S No.	Invoice No.	Date of Invoice	Gross Invoice Value (In Rs)	Date of sales	Terms of Payment	Due Date	Amount Repaid if any (In Rs)	Amount Due (In Rs)	Date of Submission of first Overdue

9. Description of action initiated to recover the debt

(Use separate sheet, if necessary)

10. Amount of Loss

Gross Invoice Value			Rs
Less:	(i) Part payment received, if any	Rs	Rs
	(ii) Amount saved as commission etc., if any	Rs	
	(iii) Set off, if any	Rs	
Amount of Loss			Rs

DOCUMENTS ENCLOSED:

(All copies of the documents should be certified by the Bank / Chartered Accountant)

- | | |
|-------------------------------------|--|
| I. Contract / Order | IV. Recall notice / Copy of legal notice |
| II. Invoice | V. Correspondence with the buyer |
| III. Proof of Delivery (LR/RR etc.) | VI. Proof of action initiated for recovery, if any |

We hereby undertake:

- a) To pursue all recovery steps, directly or through a specialized debt collecting agent / lawyer.
- b) To pay to ECGC immediately any recoveries effected and keep the money in trust till such payment in made to ECGC
- c) We hereby agree and undertake that we have not directly or through any other person or firm offered, promised or given nor shall we offer, promise or give, to any employee of ECGC involved in the processing and/or settlement of the claim or to any third person any material or any other benefit which he/she is not legally entitled to, in order to obtain in exchange advantage of any kind whatsoever before, during or after the processing and/or settlement of claim.

We declare that

- a) Except as already disclosed we hold no sums, credits, security, or indemnity against this account and that we have no claims against our agent in respect of declared risks assumed by them. We have not assured, assigned, pledged, or otherwise disposed of any part of the purchase price received under the contract except as already disclosed.
- b) The information given herein to be true and correct in every particular.

We accordingly claim payment of Rs _____ (Rupees _____ only) being ____ % of the loss of Rs _____. The amount in settlement should be paid to our banker/s _____ (Name and address of the Bank) and bank's receipt shall be in full legal discharge to ECGC.

Date :	Signature of Authorized Person	_____
Place :	Official Seal of the Insured	_____



(To be filled in by the Bank / Chartered Accountant)

Name and Address of the Buyer : _____

S No.	Invoice No.	Date of Invoice	Gross Invoice Value (In Rs)	Date of Sales	Terms of Payment	Recovery, if any (In Rs)	Remarks

We hereby certify that the above-mentioned invoices for the supply made by the supplier/exporter M/s _____ are outstanding from the buyer.

Name of the Bank /

Chartered

Accountant Firm _____

Signature of the

Authorized Person _____

Address _____

Name of the Official _____

Date _____

Official Seal _____