

**ADDENDUM TO EXTEND COVER TO EXPORTER'S OVERSEAS
SUBSIDIARY/JOINT VENTURE**

- 1) **Specific Contract (Comprehensive Risks) Policy**
No. _____ dated _____
- 2) **Specific Shipments (Comprehensive Risks) Policy**
No. _____ dated _____
- 3) **Specific Services Contract (Comprehensive Risks) Policy**
No. _____ dated _____

This Addendum is issued on _____ day of _____ to
_____ being the Overseas
Subsidiary/Joint Venture of the Exporter, carrying on business at
_____ (hereinafter
referred to as the "Insured")

Under this Addendum an 'Exporter' shall mean an Exporter in
India who either exports goods by way of specific shipments or
otherwise and/or renders services from India to the Insured in the
Overseas Buyer's country for the performance of an Overseas
Contract.

WHEREAS the Insured in the Overseas Buyer's country has been
awarded an Overseas Contract dated _____ by
M/s. _____

(hereinafter referred to as the "Overseas Buyer") for executing
_____ project in the Overseas Buyer's country
(hereinafter referred to as the "Overseas Contract") in the
performance of which the Insured will approach the Exporter for
providing goods and/or services from India. For this Addendum,
the Country of the Insured and the Overseas Buyer is the same.

AND WHEREAS the Exporter has made a proposal dated _____
(hereinafter referred to as "Proposal") requesting the Corporation to
cover the Insured against a percentage of loss which the Insured

may sustain by reasons of certain risks stipulated hereinafter with respect to the performance of the Overseas Contract.

AND WHEREAS the Exporter has agreed that the said Proposal, along with Declaration cum Undertaking dated _____ issued by the Exporter, shall be the basis of this Addendum and Policy.

AND WHEREAS the Exporter has agreed that he will export goods manufactured in India/render services from India in order to facilitate/contribute/perform the Overseas Contract awarded in favour of the Insured. This shall operate as a condition precedent before extending any cover to the Insured.

For the sake of brevity, Insured and Corporation are hereinafter referred to as the “parties” collectively.

NOW THEREFORE, in consideration of the premium of Rs. _____ (Rupees _____) paid and further premiums to be paid by the Exporter on behalf of the Insured to the Corporation in accordance with the terms of the policy/offer dated _____ the Corporation has agreed to cover the Insured as stated hereinafter. It is agreed between the parties that the premium amount will be calculated and paid by the Exporter on behalf of the Insured on the entire value of the Overseas Contract executed between the Insured and the Overseas Buyer. In case the Insured is a Joint Venture Company in which the Exporter has a shareholding, the premium amount will be calculated on the percentage of estimated contribution made by the Exporter in performing the Overseas Contract. The Corporation hereby agrees to cover the Insured in accordance with the terms and subject to the conditions hereof against a percentage of the amount of loss as hereinafter defined which may be sustained by the Insured under the Overseas Contract due to the following risks (hereinafter referred to as “Risks Insured”).

RISKS INSURED

- (i) The insolvency of the Overseas Buyer as hereinafter defined
or
- (ii) The failure of the Overseas Buyer to pay the Insured within four months after the due date of payment towards the Contract price of the services rendered or the gross invoice value of goods delivered to and accepted by the Overseas Buyer for performing the Overseas Contract. In case of Specific Shipment (Comprehensive Risks) Policy, four months referred to in this clause be read as six months or
- (iii) The operation of a law or of an Order, Decree, Notification or Regulation having the force of law, which in circumstances outside the control of the Exporter and/or the Insured and/or the Overseas Buyer, prevents, restricts or controls, the transfer of payment to the designated account of the Insured or
- (iv) The occurrence of war between the Country of the Overseas Buyer and India or
- (v) The occurrence of war, hostilities, civil war, rebellion, revolution, insurrection or other disturbance in the country of the Overseas Buyer or
- (vi) The imposition, after making of the Overseas Contract, of any law or of any Order, Decree, Notification or Regulation having the force of Law in India or Overseas Buyer's Country, which in circumstances outside the control of the Exporter or Insured, prevents the import of goods by way of specific shipments or otherwise and/or rendering of services to the Insured in the Country of Overseas Buyer for the performance of an Overseas Contract or;
- (vii) Any other cause not being inherent in the nature of the goods/services provided and not being within the control of

the Exporter or the Insured and/or of the Overseas Buyer, which arises from events occurring outside India.

In addition to the above Risks Insured (i) to (vii), in case of **(i) Specific Contract (Comprehensive Risks) Policy** and **(ii) Specific Shipments (Comprehensive Risks) Policy** the following Risks will also be insured:

- (viii) The cancellation, in circumstances outside the control of the Exporter, of a currently valid license to export the goods or render services or the imposition of restrictions on the export of goods/rendering services not previously subject to license or (applicable to only Specific Contract (Comprehensive Risks) Policy)
- (ix) The cancellation, in circumstances outside the control of the Insured and/or the Overseas Buyer of a previously issued and currently valid authority to import the goods or rendering of services or
- (x) The incurring of any additional handling, transport or insurance charges which are occasioned by interruption or diversion of voyage outside India in respect of goods shipped and/or services rendered by the Exporter from India, which is impracticable for the Insured to recover from the Overseas Buyer under the Overseas Contract or
- (xi) The failure or refusal on the part of the Overseas Buyer to fulfill the terms of the Overseas Contract, such failure or refusal not arising from any breach of the Overseas Contract or Warranty on the part of the Insured nor from any cause within the control of the Insured, provided that the Buyer is an overseas government or performance of the Overseas Contract is guaranteed by an overseas government and the Corporation further elects in writing

that this sub-clause shall apply either unconditionally or upon such conditions as the Corporation shall think fit.

- (xii) The failure or refusal on the part of the Overseas Buyer to accept the goods provided by the Insured or services rendered by the Insured, where any such failure or refusal is not excused by and does not arise from or in connection with any breach of conditions or warranty on the part of the Insured or from any other cause within his control and provided also that the Corporation is satisfied that no good purpose would be served by the institution of legal proceedings against the Overseas Buyer in respect of his said failure or refusal.

(xiii) PROVIDED ALWAYS THAT the Corporation shall not be liable for any loss—

- (a) In respect of any risk which at the date when the Overseas Contract is made can be insured with the Government or any of its organizations other than the Corporations or can normally be insured with commercial insurers;
- (b) Which arises from the insolvency of any agent of the Insured and /or Exporter or the insolvency of the collecting bank or from any act or default on the part of such agent or collecting bank;
- (c) Which arises from any failure or inability of the Insured to obtain any authority necessary under the regulations in force in the country of the Overseas Buyer to procure or import the goods and or avail the services rendered by the Exporter;
- (d) Which arises due to the failure or refusal on the part of the Overseas Buyer to accept the goods imported and/or avail services rendered by the Insured and/or due to any claim of the Overseas Buyer that he is

justified in withholding payment of the Contract price or the gross invoice value or any part thereof by reason of any payment, credit, set-off or counter-claim and/or due to his claim that for any other lawful reason he is excused from performing his obligations under the Overseas Contract, unless, except where the Corporation agrees in writing to the contrary, the Insured has for the amount of his loss obtained by legal proceedings in a competent court of law in the country of the Overseas Buyer, a final judgment enforceable against him;

(e) (i) arising from the prevention of or delay in the transfer of any payment from Overseas Buyer country of sums due under any contract of insurance effected by the Insured;

(ii) whatsoever where the Overseas Buyer has effected any insurance and an event insured against has occurred and the Insured has not received payment of insurance monies;

(iii) whatsoever where any event occurs which would normally be insured against with commercial insurers but against the risk of which a contract of insurance for a sufficient sum has not been effected by either the Exporter and/or the Overseas Buyer and is not then in force;

UNLESS such liability is previously agreed to and accepted by the Corporation in writing;

(f) Which arises from prevention of or delay in the transfer of payment to the Insured in the Overseas Buyers Country until the Overseas Buyer has made an Irrevocable Deposit for transfer to the Insured, on such terms and in such Bank as are approved by the Corporation in writing, of a sum in the currency of the

Overseas Buyers Country equal to the amount due for payment under the Overseas Contract, unless the Overseas Buyer is prohibited from making such a Deposit by an law, or by any Order, Decree or Regulation having the force of law in the Overseas Buyers Country

- (g) Which arises out of foreign currency fluctuations between the country of the Overseas Buyer and India;
- (h) Which arises out of Insured's willful default or failure to fulfill its obligations under the Overseas Contract or collusion between the Insured and the Exporter or any misdeclaration by the Exporter;
- (i) Which arises out of the insolvency or bankruptcy of the Insured;
- (j) Which arises out of the Overseas Contract, where the Insured has obtained an insurance cover from any other insurer for the same subject matter covered under this policy.

In addition to the above exceptions (xiii)(a) to (j), the following clauses will apply in case of **Specific Contract (Comprehensive Risks) Policy**, the Corporation shall not be liable for any loss:

- (k) Which arises from any failure or inability of the Exporter to obtain any authority necessary under the regulations of India, in force at the date of the Overseas Contract to export goods or render services or where a currently valid license is cancelled due to the fault of the Exporter;
- (l) Unless a claim for the loss is made by the Exporter on behalf of the Insured to the Corporation in writing in the form prescribed by it within one year from the due

date of payment or the occurrence of the event which is the cause of the loss as the case may be;

In addition to the above exceptions (xiii)(a) to (j), in case of **Specific Shipments (Comprehensive Risks) Policy** the following clause will also apply:

- (m) Unless a claim for the loss is made by the Exporter on behalf of the Insured to the Corporation in writing in the form prescribed by it within one year from the due date of payment

In addition to the above exceptions (xiii)(a) to (j), in case of **Specific Services Contract (Comprehensive Risks) Policy** the following clause will also apply:

- (n) Unless a claim for the loss is made by the Exporter on behalf of the Insured to the Corporation in writing in the form prescribed by it on or before one year.

- (xiv) In case of Comprehensive Risks Policy, once the Insured receives entire payment from the Overseas Buyer towards the invoices raised for delivering goods/rendering services by the Insured from time to time, the liability of the Corporation under the policy will come to an end in so far as the commercial portion of the risks is concerned in the claim amount. In cases when the Insured does not receive payments due to any of the events covered under (i) to (xii) of the Risks Insured, the Exporter shall on behalf of the Insured file a claim with the Corporation and the Corporation shall settle the claim with the Exporter on behalf of the Insured subject to the terms and conditions specified herein.

TERMS AND CONDITIONS

REPRESENTATIONS AND DISCLOSURES BY THE EXPORTER

1. **Proposal, and Declaration Cum Undertaking:** The Proposal along with Declaration cum Undertaking dated _____ made by the Exporter herein shall be the basis of the Policy and Addendum and shall form part thereof and if any of the statements contained in the Proposal or the Declaration cum Undertaking be untrue or incorrect in any respect, the Policy shall be void. However, the Corporation may retain any premium that has been paid.
2. **Disclosure of Facts:** Without prejudice to any rule, or law, it is declared that the policy is given on condition that the Exporter has at the date of issue of the Policy, disclosed and will at all times during the operation of the Policy, promptly disclose all facts in any way affecting the Risks Insured.
3. The liability of the Corporation under the Policy shall cease, if, without the Corporation's consent in writing, the Insured agrees to any variation in the terms of the Contract or agrees to or acquiesces in any departure from such terms.
4. The Corporation has agreed to cover the Insured by way of this Addendum, on the Exporter's representation to the Corporation that though the Overseas Contract executed in favour of the Insured is managed and performed by the Insured in the Overseas Buyer's Country, the Exporter in India, supervises and controls the management/functioning of the Insured, more particularly the performance of the obligations of the Insured under the Overseas Contract. Further the Exporter shall compulsorily export goods or render services from India in

order to facilitate/perform the Overseas Contract awarded in favour of the Insured. This representation by the Exporter being a precondition to the issuance of Policy, the Corporation's liability will cease and the Policy will be rendered void, in case of Exporter's misrepresentation. However, the Corporation shall be entitled to retain the premium amount paid.

5. The Exporter has further represented that it will disclose all material information in the Proposal with respect to the Overseas Contract and other miscellaneous details in connection thereto including the designated Bank Account number and name of the Bank of the Insured in which monies are to be deposited by the Overseas Buyer. The Exporter further represented that it shall immediately intimate the Corporation of any change or variance in the information provided by the Exporter in the Proposal or Declaration cum Undertaking or any other document affecting the Risks Insured, including the change in the designated Bank Accounts of the Insured in which the Overseas Buyer would be making payment towards the invoices raised by the Insured.
6. The Exporter has guaranteed and represented to the Corporation that Insured will take all measures and steps to comply with its obligations under the Overseas Contract. The Exporter has further agreed that if the Overseas Buyer does not make payment to the Insured due to any fault/breach of the Insured in performing its obligations under the Overseas Contract, the Corporation will not be liable to make any payment towards such a claim, if filed.
7. **Withdrawal of cover:** The Corporation shall be at liberty at any time to give written notice to the Exporter and/or 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 cover any shipment of goods/ rendering of services by the Exporter or work done by the Insured in performance of the Overseas Contract, from the receipt of such notice.

Note: Dispatch of notice means a notice sent by ordinary post to the latest address of the Exporter and the Insured registered with the Corporation.

DUTIES OF THE INSURED AND EXPORTER

8. **INSURED'S AND EXPORTER'S OBLIGATION:** The Exporter shall –

- (a) Use all reasonable and usual care, skill and forethought and take all practicable measures including any measures which may be required by the Corporation (including if so required the institution of legal proceedings) to be taken by the Insured to prevent or minimize the loss
- (b) Notify to the Corporation in writing of the occurrence of any event likely to cause a loss immediately on becoming aware of such occurrence.

In case of **Specific Shipments (Comprehensive Risks) Policy** the Exporter shall notify the Corporation in writing of the occurrence of any event likely to cause a loss without delay but in no case later than 15 days of his becoming aware of such occurrence. The Exporter shall furnish the Corporation promptly with any further information regarding such shipments that the Corporation may require from time to time.

In case of **Specific Services Contract (Comprehensive Risks) Policy** - the Exporter shall notify the Corporation in writing of the occurrence of any event likely to cause a loss without delay but in no case later than 30 days of his becoming aware of such occurrence. The Exporter shall furnish the Corporation promptly with any further information regarding such Contract that the Corporation may require from time to time.

(c) If during the course of transit of goods/or rendering of services, it comes to the knowledge of the Exporter/ Insured that the Country of the Overseas Buyer has :

- (i) Banned the imports of goods/prevented the entry of person(s) for rendering services for performing the Overseas Contract or
- (ii) Ordered confiscation of goods or detention of persons deputed by the Exporter or
- (iii) Any circumstances which may lead to any loss
 - the Exporter shall exercise his right to stop the goods from being delivered or rendering of services. The Exporter shall stop the shipments of further consignments and stop manufacture of goods which are under the process of manufacture and/or stop rendering services in the Overseas Buyer's Country unless the Corporation consents in writing to the Exporter refraining from so doing.

(d) The Exporter will submit documents on quarterly basis:

- (i) in respect of all shipments/services rendered by him to the Insured during the previous quarter including invoices raised by the Exporter on the Insured for the performance of the Overseas Contract.
- (ii) With respect to all shipments of goods or services insured under the policy which could not be delivered/availed by the Insured under circumstances outside the control of the Exporter immediately when it is known to the Exporter
- (iii) With respect to all the amounts received from the Insured in connection with the performance of the Overseas Contract
- (iv) relevant bills of lading and the certification attesting the exit of the goods/rendering of services from India to the country of the Insured.

9. **DECLARATIONS:**

1. The Exporter shall on or before 10th day of each calendar month, forward to the Corporation a declaration in the form prescribed by the Corporation of :

- (i) all contracts, shipments and or services rendered by the Exporter and the Insured to the Overseas Buyer during the previous month
- (ii) Invoices raised by the Insured on the Overseas Buyer with respect to the goods and/or services rendered in performing the Overseas Contract and

- (iii) Bank statements of the designated Bank Account of the Insured where monies are to be deposited by the Overseas Buyer.
- (iv) Status of the percentage of work completed by the Insured.
- (v) Statement of payments made by the Overseas Buyer to the Insured duly certified by the Overseas Buyer alongwith expected/agreed date of receiving payment in India from the Insured.
- (vi) the commercial invoices or any equivalent documents attesting the delivery of goods and/or rendering of services and/or the performance of works duly certified by the Overseas Buyer,
- (vii) all amounts which, at the end of the previous months remained wholly or partly unpaid for more than one month from the due date of payment in respect of goods delivered and/or services rendered (such declarations shall continue to be forwarded to the Corporation, as long as any amounts remain outstanding)
- (viii) all amounts which, at the end of the previous months remained wholly or partly unpaid for more than one month from the agreed/expected date of transfer to the Exporter by the Insured in respect of goods delivered and/or services rendered (such declarations shall continue to be forwarded to the

Corporation, as long as any amounts remain outstanding)

2. At the time of submitting the claim, the Exporter will furnish:

- (a) the Bank statements of the Insured's designated account, provided for in the Proposal, for a period of atleast 6 months prior to the first Overdue Bill till the Claim date.
- (b) the bank statements duly certified by the Overseas Buyer evidencing the debit entries towards payment made to the Insured
- (c) the Overseas Contract awarded in the favour of the Insured, any relevant annexure and any subsequent amendments thereto;
- (d) the Copy of the Guarantee, if procured by the Insured/Exporter;
- (e) the requests for payment of the outstanding payment and any reminders sent to the Overseas Buyer accompanied by evidence of dispatch of such requests along with replies, if any, sent by the Insured
- (f) any other documents provided for under the Overseas Contract, which grants entitlement to payment from the Overseas Buyer;

3. The Exporter shall further make declarations to the Corporation by completing and returning to the

Corporation such form(s) as may be, from time to time approved by the Corporation and shall provide such other information promptly as may be requested by the Corporation at any time.

10. **Contract Price and Gross Invoice Value in the Policy:**

- (i) The contract price of services rendered shall exclude any payments secured at the date of the Overseas Contract by irrecoverable letters of credit confirmed by a Bank in the country of the Insured or payments received from the Overseas Buyer in advance.
- (ii) The gross invoice value of goods shall include any insurance, freight or other charges paid or to be paid by the Insured on behalf of the Overseas Buyer as per the Overseas Contract but shall exclude any payments secured by irrevocable letters of credit confirmed by a Bank in the country of the Insured or payments received from the Overseas Buyer as advance.

11. **Percentage of Loss payable:**

- (1) When the Insured is the overseas wholly owned subsidiary of the Exporter, the Corporation will ascertain the amount of loss on the entire Overseas Contract value executed between the Insured and the Overseas Buyer. Whereas when the Insured is a Joint Venture Company in which the Exporter has a shareholding, the Corporation will ascertain the amount of loss only to the extent of the percentage of contribution made by the Exporter in performing the Overseas Contract entered into between the Insured being the Joint Venture Company and the Overseas Buyer, and not the entire Overseas Contract Value.

In addition to the above clause 1), in case of **Specific Contract (Comprehensive Risks) Policy**, the following will apply:

- (2) Subject to the terms and conditions hereof, the Percentage of the amount of any loss which the Corporation hereby agrees to pay shall be 90% where, the loss is due to the occurrence of the causes specified in sub-clauses (i) to (xi) of the Risks Insured under the Policy.
- (3) Where the loss is due to the occurrence of the cause specified in sub-clause (xii) of the Risks Insured under the Policy, the Insured shall bear a loss equal to 20% of the gross invoice value of the goods/Contract Price and the Corporation hereby agrees to pay 90% of the balance amount of the loss; provided that in no case shall the Corporation pay a sum in excess of 60% of the gross invoice value of the goods.

In addition to the above clause 1), in case of **Specific Shipments (Comprehensive Risks) Policy**, the following will apply:

- (4) Subject to the terms and conditions hereof, the Percentage of the amount of any loss which the Corporation hereby agrees to pay shall be 90% where, the loss is due to the occurrence of the causes specified in sub-clauses (i) to (vii) and (ix) to (xi) of the Risks Insured under the Policy.
- (5) Where the loss is due to the occurrence of the cause specified in sub-clause (xii) of the Risks Insured under the Policy, the Insured shall bear a first loss equal to 20% of the gross invoice value of the goods and the Corporation hereby agrees to pay 90% of the balance

amount of the loss; provided that in no case shall the Corporation pay a sum in excess of 90% of 40% of the gross invoice value of the goods.

In addition to the above clause 1), in case of **Specific Services Contract (Comprehensive Risks) Policy**, the following will apply:

- (6) Subject to the terms and conditions hereof, the Corporation agrees to pay 90% of the loss, as hereinafter defined, sustained by the Insured in respect of the Overseas Contract to which the Policy applies by reason of sub clause (i) to (vii) of the Risks Insured immediately after the time for ascertainment of the loss.

12. **Amount of loss:** The amount of loss shall-

- (a) As regards goods delivered and or services rendered by the Insured, accepted and paid by the Overseas Buyer but not transferred to the Exporter, be the Contract Price and/or gross invoice value of goods delivered and/or services rendered less expenses incurred by the Insured for the performance of the Overseas Contract
- (b) As regards goods delivered by the Insured or services rendered to and accepted by the Overseas Buyer, be the entire value of the Overseas Contract or gross invoice value of those goods less-
 - (i) The amount which at the date at which the loss is ascertained, the Overseas 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/services, and

- (ii) Any expenses saved by the non-payment of agent's commission or otherwise; and

In addition to the above clause (a) and (b), **in case of Specific Contract (Comprehensive Risks) Policy and Specific Shipment (Comprehensive Risks) Policy**, the following clause (iii) will also apply:

- (iii) Any part of the gross invoice value of the goods which represents interest payable by the Overseas Buyer for credit facilities in respect of any period subsequent to payment by the Corporation.

- (c) As regards services not rendered or goods not delivered to and not accepted by the Overseas Buyer, and if the goods have been shipped by the Exporter, the Contract price or the gross invoice value thereof as may be applicable, less-

- (i) any expenses saved by the non-fulfillment of the Overseas Contract for the sale of those goods or rendering the services,
- (ii) any sums which at the date at which the loss is ascertained, the Insured has recovered from any source, including realization of any security, resale of any goods or materials and any sums of credits in his possession which the Insured is entitled to appropriate as or towards payment for the services/purchase price, or any part thereof. Provided that the sums so recovered or realized by any security or resale of any goods or materials shall be

the sums less all expenses of recovery, realization or resale.

In addition to the above clause (a) to (c), in case of **Specific Contract (Comprehensive Risks) Policy and Specific Shipment (Comprehensive Risks) Policy**, the following clause (iii) and (d) will apply:

- (iii) Any part of the contract price or as the case may be the gross invoice value of the goods which represents interest payable by the Overseas Buyer for credit facilities in respect of any period subsequent to payment by the Corporation;

PROVIDED ALWAYS THAT (a) the goods not delivered shall remain the property of the Insured and any resale thereof by the Insured shall be with the prior approval of the Corporation. In case the sale of goods not delivered is made without the prior approval of the Corporation, the Corporation shall not be liable for any loss suffered by the Insured in connection with the particular shipment is concerned (b) where the goods are not accepted by the Overseas Buyer and/or sub-clause (d) of the proviso to "Risks Insured" applies, the amount of loss shall be defined as hereinabove or the amount for which final judgment is obtained by the Insured whichever is lesser.

For the purpose of this sub-clause 'materials shall mean goods in any stage of preparation or manufacture, short of readiness for shipment or the materials whether in process of manufacture or not from which the goods, if they had been shipped would have been wholly or partly manufactured by or on behalf of the Exporter and for the purpose of fulfilling the Contract.'

- (d) Where the loss is due to the diversion risk as defined in sub-clause (x) of the Risks Insured under the policy, be the amount of any additional handling, transport or insurance charges which are occasioned by interruption or diversion of voyage outside India and which is impracticable for the Insured to recover from the Overseas Buyer under the Overseas Contract less any allowance, rebate or refund to which the Exporter is entitled by reason of the interruption or diversion of voyage.

- 13. **Time for ascertainment of loss:** Subject to the submission of a claim by the Exporter on behalf of the Insured, in the form prescribed supported by the evidence which in the opinion of the Corporation, is sufficient in addition to the documents referred to in clause 9, and by a verification of the cause of loss, the Corporation will pay to the Exporter in India on behalf of the Insured, the amount of loss hereby insured in Indian Rupees, immediately after the loss has been ascertained and such loss shall be ascertained:

- a) In case of **Specific Contract (Comprehensive Risks) Policy** - where the loss is due to the Overseas Buyer's insolvency as hereinafter defined, then unless otherwise

agreed to in writing by the Corporation, four months after the due date of payment or one month after the loss has been admitted to rank against the Insolvent's estate in favour of the Insured, whichever of the two dates is the earlier;

In case of **Specific Shipments (Comprehensive Risks) Policy and Specific Services Contract (Comprehensive Risks) Policy**- where the loss is due to the Overseas Buyer's Insolvency as hereinafter defined, unless otherwise agreed to in writing by the Corporation, six months after the due date of payment or four months after the due date of payment where an authorization letter is registered in favour of a Bank or one month after the loss has been admitted to rank against the Insolvent's estate in favour of the Insured, whichever of the two dates is earlier;

Provided that (1) the Exporter shall deliver to the Corporation evidence satisfactory in the opinion of the Corporation that the Exporter has filed his claim on behalf of the Insured in case of Insolvency of the Overseas Buyer and (2) that the Exporter shall deliver to the Corporation a declaration in writing that the Insured has done or omitted nothing whereby such claim is liable to be rejected by the Court in such Insolvency:

- b) In case of **Specific Contract (Comprehensive Risks) Policy and Specific Services Contract (Comprehensive Risks) Policy** - Where the loss is due to the Overseas Buyer's failure to pay within four months of the due date of payment of the gross invoice

value of goods delivered or the Contract price of the services rendered to and accepted by the Overseas Buyer, immediately after the expiry of the said period of four months.

In case of **Specific Shipments (Comprehensive Risks)**

Policy- Where the loss is due to the Overseas Buyer's failure to pay within six months of the due date of payment of the gross invoice value of goods delivered to and accepted by the Overseas Buyer, immediately after the expiry of the said period of six months but in case, where the authorization letter is registered in favour of a Bank, the time for ascertainment of loss shall be four months of the due date of the payment.

c) In case of **Specific Contract (Comprehensive Risks)**

Policy - Where the loss is due to operation of a law or of an Order, Decree, Notification or Regulation having the force of law, which in circumstances outside the control of the Insured and/or the Overseas Buyer, prevents, restricts or controls, the transfer of payment to the designated account of the Insured, four months after the due date of payment or four months after completion of the formalities necessary in order to obtain transfer, whichever of the two is the later.

In case of **Specific Shipments (Comprehensive Risks)**

Policy and Specific Services Contract (Comprehensive Risks) Policy- Where the loss is due operation of a law or of an Order, Decree, Notification or Regulation having the force of law, which in circumstances outside the control of the Insured and/or the Overseas Buyer, prevents, restricts or

controls, the transfer of payment to the designated account of the Insured, four months after the due date of payment by the Overseas Buyer or if the Overseas Buyer has made an irrevocable deposit for the transfer to the Insured, four months after making of such deposit, whichever of the two is earlier.

- d) In all other cases, four months after the occurrence of the event which is the cause of the loss.

PROVIDED THAT where the Insured has obtained a guarantee or, as the case may be, a guarantee undertaking, in compliance with a condition imposed by the Corporation and a claim by the Exporter on behalf of the Insured has arisen, the loss shall not be ascertained, unless the Corporation agrees in writing to the contrary, until either the Guarantor has paid the amount claimed by the Insured or the Insured has obtained a judgment against the Guarantor in a competent court in such country as may be required by the Corporation, or the Exporter has satisfied the Corporation in such other manner as they may approve in writing that his claim against the Guarantor is valid and subsisting, but in any case not earlier than at the appropriate time hereinbefore specified in the provisions of this clause.

In addition to the above (a) to (d), in case of **Specific Contract (Comprehensive Risks) Policy and Specific Shipments (Comprehensive Risks) Policy** the following clauses will also apply:

- e) Where the loss is due to the goods, not having been delivered to the Overseas Buyer, one month after the due date on which, with the Corporation's approval in writing, the goods have been resold or otherwise disposed of by the Exporter/Insured.
- f) Where the loss is due to diversion risk as defined in (x) of the Risks Insured, as soon as the proof of loss to the satisfaction of the Corporation is furnished.

14. **Payment of loss:** The Exporter shall, as a condition precedent to the payment of amount of a percentage of any loss as herein defined, procure and deliver to the Corporation an undertaking in writing from (i) its Bank in India which holds the documents pertaining to the shipment/services rendered and (ii) the Bank of the Insured, or (iii) any person holding the documents pertaining to the Overseas Contract insured under the policy: a writing acknowledging and agreeing (1) that the Bank/person holds such documents in trust for the Corporation (2) that the Bank/person, shall upon demand by the Corporation deliver them to the Corporation and (3) that if the Bank/person shall receive any payments against such documents, the Bank/person shall intimate the same to the Corporation and make payment thereof according to the directions of the Corporation in writing.

15. **Rate of Exchange:** All payments under the policy shall be in Indian Rupees and for the purpose of payment of premiums and losses, the entire value of the Overseas Contract executed between the Insured and the Overseas Buyer in foreign currency shall be converted into Indian Rupee at the Bank buying rate of exchange at Mumbai on the date of relative

shipment/ contract for services or at the exchange rate prescribed in the Schedule attached to the Policy.

PROVIDED THAT, if devaluation of the Currency in which the Overseas Buyer has to pay takes place before the claim is paid, the amount claimed in Indian currency shall be based on the devalued rate.

LIMITATION OF CORPORATION'S LIABILITY

16. **Limitation of Liability:** In addition to the events specified in Clause (xiii) of Risks Insured, the Corporation shall not be liable for loss:

- a) in respect of the Overseas Contract or any shipment made or to be made or services rendered or to be rendered thereunder, if all or any part of the Overseas Contract by the Insured, or if all or any part of the export receivables by the Exporter, has been assigned without the prior approval in writing of the Corporation; or
- b) in respect of a debt as to which the Insured has extended the period of payment, or has accepted a composition arrangement with the Overseas Buyer or entered into any settlement with the Overseas Buyer without the prior approval in writing of the Corporation; or
- c) In respect of the Overseas Contract, if the relevant authority to import goods and to pay for them is made subject to conditions as to the export of other goods from any country or to conditions as to the payment for such other goods when so exported.

- d) In respect of the Overseas Contract, the terms of which are altered in any respect without the consent in writing of the Corporation

In addition to the above (a) to (c), in case of **Specific Service Contract (Comprehensive Risks) Policy**, the following clauses will apply:

- e) if the Overseas Contract is not legally enforceable in the Country of the Overseas Buyer.

17. **Maximum liability-** The total liability of the Corporation under the Policy shall be limited to Rs. _____ or such other total sum as may be, agreed in writing between the Exporter on behalf of the Insured and the Corporation.

RECOVERIES

18. **Action after payment of Claim:** Upon payment by the Corporation of the amount due hereunder to the Exporter on behalf of the Insured, the Exporter ensures that the Insured shall:

- (a) Take all steps which may be necessary or expedient, or which the Corporation may at any time require, to effect recoveries whether from the Overseas Buyer or from any other person from whom such recoveries may be made including (if so required) the institution of legal or other proceedings;
- (b) Upon request, assign and transfer to the Corporation his rights under the Overseas Contract in respect of which such payment has been made, including his right to receive any monies payable under such Overseas Contract or his right to damages from any breach thereof;

- (c) Upon request, deliver up to the Corporation any goods in respect of which such payment has been made and any documents in relation thereto and assign and transfer to the Corporation his right and interest in any such goods and documents;
- (d) Upon request assign, deliver up or otherwise transfer to the Corporation any negotiable instruments, guarantees or other securities relating to such goods or the Overseas Contract.

19. Recoveries:

- a) In case of **Specific Contract (Comprehensive Risks) Policy** - Any sums recovered by the Insured and or Exporter or the Corporation in respect of a loss to which the policy applies, after the date at which the loss is ascertained from the Overseas Buyer or any other source shall be divided between the Corporation and the Exporter on behalf of the Insured in the proportion in which the amount of loss is borne by each of them respectively according to the terms of the policy whether or not, such decision results in the retention by the Corporation of a greater or lesser sum than the amount paid by the Corporation under the policy in connection with that amount of loss whatsoever the causes, circumstances or events in or by reason of which such retention as aforesaid may result or take place.

In case of **Specific Shipments (Comprehensive Risks) Policy**- Any sums recovered by the Exporter/Insured or the Corporation in respect

of a loss to which the policy applies after the date at which the loss is ascertained, from the Overseas Buyer or any other source shall be divided between the Corporation and Exporter on behalf of the Insured:

- (i) If the ground of claim is the occurrence of the cause specified in sub-clause (xii) of the Risks Insured under the policy, in the proportion to 90 and 10 provided that the Corporation shall not recover by virtue of this sub clause more than the amount it has paid to the Exporter on behalf of the Insured under the Policy in respect of that claim
- (ii) In any other case in the proportion of 90 and 10.

In case of **Specific Services Contract (Comprehensive Risks) Policy**- Any sums recovered by the Exporter/Insured or the Corporation in respect of a loss to which the policy applies after the date at which the loss is ascertained, from the Overseas Buyer or any other source shall be divided between the Corporation and the Exporter on behalf of the Insured in the proportion of 90 and 10.

- b) The Exporter has ensured the Corporation that the sums recovered by the Insured shall be shared with the Corporation in the proportion mentioned hereinabove. The Insured/Exporter shall pay all the sums so recovered to the Corporation forthwith upon it being received by

him or any other person on his behalf, the Exporter hereby acknowledges and declares that until such payment is made to the Corporation, the Exporter/Insured receives and holds such sum in trust for the Corporation.

20. **Due date of payment:** The words 'Due date of payment' under the Addendum shall mean and include, the date on which payment is due to be received by the Insured from the Overseas Buyer towards the gross invoice value of goods delivered or the Contract price of the services rendered to and accepted by the Overseas Buyer and shall be deemed to include where the time of payment has been extended by the Insured with the consent in writing of the Corporation, the date to which the time has been so extended.

21. **Insolvency:** The Overseas Buyer shall be deemed to be insolvent for the purpose of the policy when:

- (a) He is declared bankrupt
- (b) Or he has made a valid assignment, composition or other arrangement for the benefit of his creditors, generally or
- (c) A receiver has been appointed to manage his estate or
- (d) If the Overseas Buyer being an incorporated body:
 - (i) An order has been made for compulsory winding up or
 - (ii) An effective resolution has been passed for voluntary winding up provided that such resolution is not merely for the purpose of reconstruction or amalgamation or

(e) An arrangement binding on all creditors has been sanctioned by a competent Court or

(f) Whether the Overseas Buyer being an incorporated or unincorporated body such conditions exist as are substantially equivalent in effect to any of the foregoing conditions.

22. **Assignment:** The policy, or any amount payable hereunder is assignable only with the previous approval in writing of the Corporation.

23. **Recovery expenses:** Any expense incurred by the Insured or the Exporter on behalf of the Insured with the consent of the Corporation or by the Corporation for the purpose of effecting recoveries from the Overseas Buyer or any other source shall be a first charge on any amounts recovered thereafter.

24. **Fraudulent claims:** If the Exporter on behalf of the Insured makes any claim hereunder, knowing the same to be false or in collusion or a misrepresentation/misdeclaration, or fraudulent means or devices are used by the Exporter/Insured or any one acting on his behalf to obtain any benefit under the policy, the liability of the Corporation hereunder shall cease immediately and the Exporter on behalf of the Insured shall have no claim hereunder and shall repay to the Corporation on demand all sums paid by the Corporation and the Corporation shall be entitled to retain all payments made to it by way of premiums or otherwise.

25. **Observance of conditions :** The due performance and observance of each of the preconditions, terms and conditions contained herein and in the proposal, in the declaration and in the Undertaking shall be a condition precedent to any liability

of the Corporation hereunder and to the enforcement thereof by the Exporter on behalf of the Insured.

26. **Failure to comply with conditions:** No failure by the Exporter/Insured to comply with the terms and conditions of the policy shall be deemed to have been waived, excused or accepted by the Corporation unless the same is expressly so waived, excused or accepted by the Corporation in writing.
27. **Jurisdiction:** The construction, validity and performance of the policy and any dispute/action between the Exporter or Insured and the Corporation shall be interpreted in accordance with and governed in all respects by Indian Law. The Insured agrees that no other Courts (which expression shall include Tribunals and other judicial forums constituted under any special statute) other than at Mumbai shall have jurisdiction over any matter arising out of, concerning or relating to this Cover.