

Export Credit

INSURANCE POLICY

Commercial and Political Risks Malaysia

POLICY



Policy Wording

This Policy becomes effective when your Proposal has been accepted by QBE Insurance (Malaysia) Berhad (161086-D Formerly known as QBE-MBF Insurans Berhad) by issuing a Policy Schedule.

EXPORT CREDIT INSURANCE POLICY COMMERCIAL RISKS

Issued by QBE Insurance (Malaysia) Berhad (161086-D Formerly known as QBE-MBF Insurans Berhad) (“QBE Trade Credit”) to the Insured named in section 1 of the Schedule to the Policy.

In accepting the Policy the Insured declares that:

- (a) to the best of their knowledge and belief the statements made in the Proposal were true at the date of the Proposal and at the date when QBE Trade Credit agreed to issue the Policy, and
- (b) they are aware of their duty to disclose to QBE Trade Credit all material circumstances and to act with the utmost good faith at all times.

COVER

The Insured has applied to QBE Trade Credit for Export Credit Insurance by a Proposal in writing and QBE Trade Credit has agreed to issue this Policy.

In consideration of payment of the premium and other charges and subject to the terms of the Policy, QBE Trade Credit agrees to indemnify the Insured up to the Insured Percentage, (specified in section 3 of the Schedule to the Policy) of the Insured Loss in the event of an Insured Buyer failing, by reason of their Insolvency or Protracted Default or Contract Repudiation, to remit from the country of the Insured Buyer to the Insured an Insured Debt.

Due payment of the premium and other charges specified in section 3 of the Schedule to the Policy and observance of all the other terms of the Policy are conditions precedent to any liability of QBE Trade Credit.

The “Company” and/or “QBE Trade Credit” means “QBE Insurance (Malaysia) Berhad” (161086-D Formerly known as QBE-MBF Insurans Berhad) in this Policy, the clauses attached and any Official Limit Endorsement unless otherwise specified.

DEFINITIONS

1. Insured Buyer

An “Insured Buyer” is any person or entity carrying on business with the Insured in any of the Approved Countries specified in section 1 of the Schedule to the Policy and who is included in this Policy, but always excludes:

- (a) any company which is a holding company, associate or subsidiary of the Insured; and
- (b) a government, government departments, public or statutory authorities, or nationalised undertaking; and
- (c) any entity in which a director, secretary or partner of the Insured, or a person who has a controlling interest in the Insured, has a controlling interest; and
- (d) any person who is a spouse, parent or remoter lineal ancestor, son, daughter or remoter issue, or brother or sister of a director or secretary or partner or proprietor of the Insured; and
- (e) any entity where any of the persons referred to in sub paragraph (d) above has a controlling interest; and
- (f) any person or entity where the Permitted Limit is “nil”.

In this definition the following terms have the following meanings:

“related company” means a company that has a director, secretary or shareholder with a controlling interest who is also a director, secretary or shareholder with a controlling interest in the Insured.

“controlling interest” means an interest in an entity where the relevant individual or entity owns twenty percent (20%) or more of the first mentioned entity.

2. Permitted Limit

The “Permitted Limit” of any indebtedness of the Insured Buyer is either:

- (a) the limit specified in writing by QBE Trade Credit for that buyer on QBE Trade Credit’s Official Limit Endorsement form; or

(b) where no such Official Limit Endorsement form has been issued, an amount not exceeding the Discretionary Limit (specified in section 4 of the Schedule to the Policy) justified:

(i) by the sum of any information in writing about the buyer obtained within a period of 12 months prior to the granting of the credit, including information obtained by the Insured from a Bank or other reputable organization (other than the Insured's agent) whose business includes the providing of such information; or

(ii) by the Insured's experience of the buyer's account during that period, or

(iii) where both information and experience exist, by such information and experience.

3. Insured Debt

An "Insured Debt" means so much of any indebtedness arising out of the specified in section 1 of the Schedule to the Policy and owing by an Insured Buyer as does not exceed the Permitted Limit for that buyer and is in respect of the invoice value of goods (or the face value of the original bill where a bill of exchange is accepted by the Insured Buyer in respect of the invoice value of goods) sold by the Insured to the Insured Buyer and Despatched to them within the Policy Period (specified in section 2 of the Schedule to the Policy) pursuant to a contract of sale providing for repayment of the debt upon the terms specified in section 5 of the Schedule to the Policy.

4. Insured Loss

The "Insured Loss" means:

(a) in the case of Insolvency of the Insured Buyer, so much of an Insured Debt as shall be admitted to rank against the insolvent estate of the Insured Buyer taking into account the whole of any Salvage relating thereto: or

(b) in the case of the Protracted Default of the Insured Buyer so much of an Insured Debt as is confirmed to QBE Trade Credit by evidence of debt and is not in dispute between the Insured and the Insured Buyer, taking into account the whole of any Salvage relating thereto: or

(c) in the case of Contract Repudiation by an Insured Buyer, so much of an Insured Debt as is confirmed to QBE Trade Credit by evidence of debt less the proceeds (after deducting reasonable resale expenses agreed by QBE Trade Credit prior to incurring such expenses) of the resale of the goods and any other Salvage relating thereto.

5. Salvage

"Salvage" means the value of all goods recovered (whether under retention of title or otherwise), all monies (including dividends paid or payable out of an insolvent estate), securities, indemnities, guarantees, rights of action, counter claims, set-offs or other advantages held, received by or due to the Insured or otherwise available for the purpose of reducing the amount of any indebtedness of an Insured Buyer to the Insured (whether in respect of the payment for goods or otherwise) which has not been paid at the date of Insolvency of the Insured Buyer or the date for notification under Condition 3, whichever is the earlier.

6. Insolvency

There is "Insolvency" of an Insured Buyer when any of the following steps (or some step which, under the law of a foreign country or territory having jurisdiction, is equivalent to any of the following steps under Malaysian law), has been taken:

(a) a receiver or receiver and manager or judicial manager or an agent for a mortgagee in possession has been appointed over the assets and undertakings of the Insured Buyer;

(b) the liquidation either compulsory or voluntary (save for the purpose of reconstruction or amalgamation) of the Insured Buyer;

(c) an order has been made by the Court for the Insured Buyer to be wound up;

(d) an assignment is made by the Insured Buyer for the benefit of or composition with its creditors generally;

(e) a debtor's petition presented by the Insured Buyer has been accepted by the Registrar in Bankruptcy;

(f) a legally binding sequestration order has been made against the estate of the Insured Buyer.

7. Protracted Default

- (a) There is a “Protracted Default” of an Insured Buyer when:
- (i) the Insured Buyer fails to pay an Insured Debt within a period of four (4) months after the Protracted Default Starting Date (the “Protracted Default Period”); and
 - (ii) the Insured has, within the Protracted Default Period, fully complied with all of their obligations in accordance with this Policy including, but not limited to, Condition 3 of the Policy.
- (b) The “Protracted Default Starting Date” means the original due date for payment under the relevant contract for the sale or supply of goods or services or, if that original due date is postponed, the postponed due date.
- (c) The Protracted Default Period shall not commence or continue to run whilst:
- (i) the Insured Buyer is entitled or obliged to refuse payment of an Insured Debt under any law or regulations having the force of law in the country of the Insured Buyer, or is obliged to refuse payment by a person exercising powers of government in the country of the Insured Buyer; or
 - (ii) the Insured Buyer claims that they are entitled to withhold payment of any part of an Insured Debt and QBE Trade Credit is satisfied that a dispute exists between the Insured and the Insured Buyer which has not been resolved by the parties to the relevant contract or by arbitration, or by legal proceedings; or
 - (iii) an Insolvency of the Insured Buyer exists.

8. Contract Repudiation

There is “Contract Repudiation” by an Insured Buyer when the Insured Buyer fails to accept goods already Despatched by the Insured provided that this failure is not caused or excused by any breach of condition or warranty by the Insured or does not result from any other cause within the Insured’s control and provided also that QBE Trade Credit is satisfied that no good purpose would be served by the institution of legal proceedings against the Insured Buyer in respect of that failure.

9. Turnover of Transactions

The “Turnover of Transactions” means the aggregate invoice value of goods (or, where appropriate, the face value of original bills of exchange accepted by buyers in respect of the invoice value of goods) sold by the Insured and Despatched to Insured Buyers at any time during the Policy Period (specified in section 2 of the Schedule to the Policy), but excluding the invoice value of goods for which payment is received on or before Despatch of goods.

10. Despatch

- (a) “Despatch” or “Despatched” where used in this Policy shall mean, subject to sub paragraph (b), that the goods have been passed to the first carrier in the process of being carried to the place where the Insured Buyer is required to accept them.
- (b) Notwithstanding sub paragraph (a), goods will not have been Despatched in circumstances where an Insured retains the legal right to stop carriage of the goods before they leave the country from which the Insured is exporting the goods.

11. Approved Claim Currencies

“Approved Claim Currencies” are the currencies (which includes the Policy Currency) specified under section 3 of the Schedule to the Policy and which are referred to under Condition 12 of the Policy; and are the currencies in which the Insured is entitled to lodge a claim.

12. Non-Approved Claim Currency

“Non-Approved Claim Currency” is a currency that is not any one of the Approved Claim Currencies.

13. Conversion Exchange Rate

“Conversion Exchange Rate” is referred to under Condition 12 of the Policy and in respect of an invoice is the rate of exchange between the currency in which that invoice is issued (which includes the Approved Claim Currencies) and the Policy Currency, as determined:

- (a) by reference to the rates of exchange applicable at the Insured’s bank as at the close of business on the day the relevant goods were Despatched; or
- (b) by the forward exchange rate contract, if one has been entered into with the Insured’s bank in relation to determining in advance the amount the Insured is to receive in terms of the Policy Currency, if payment is made in the Approved Claim Currency as contracted by the Insured Buyer; or
- (c) by reference to the Insured’s internal treasury rate as agreed in writing by QBE Trade Credit at the inception of the Policy.

14. Policy Currency

“Policy Currency” is the currency specified in section 3 of the Schedule to the Policy and is referred to under Condition 12 of the Policy and means the currency the Insured has requested the Policy to be issued in and which QBE Trade Credit has agreed to, at its sole discretion.

15. Official Limit Endorsement

“Official Limit Endorsement” is referred to in the Definition of Permitted Limit and is a written document titled “Official Limit Endorsement” provided from time to time under the Policy and which specifies the approved Permitted Limit in respect of a person or entity or states that the Permitted Limit is “Nil”. It may contain Special Conditions adding to or amending the existing terms and conditions of this Policy in relation to the Insured Buyer.

16. Schedule to the Policy

“Schedule to the Policy” means that part of the Policy entitled “Schedule Referred to in, and forming part of the Policy” which is signed on behalf of QBE Trade Credit and which provides the Insured’s individual particulars and the conditions specifically applying in addition to or in amendment of the standard terms and conditions of the Policy.

17. Interpretation

- (a) Reference to clauses, schedules, annexures and Official Limit Endorsements includes any replacement of them.
- (b) The singular includes the plural and vice versa.
- (c) Headings are inserted for convenience and do not affect the interpretation of this Policy.
- (d) A reference to any legislation or regulation shall include a reference to any amendment of, replacement of or substitution for that legislation or regulation.

CONDITIONS

1. Declarations

The Insured shall declare in writing to QBE Trade Credit, on the form provided by QBE Trade Credit, their Turnover of Transactions within fourteen (14) days after the end of each Declaration Period (as specified in section 3 of the Schedule to the Policy) which shall begin from the date of commencement of the Policy. A separate declaration shall be made for each of the Approved Countries named in the Schedule to the Policy.

2. Premiums and Limit Administration Charge

- (a) At commencement of the Policy and at the beginning of each subsequent Deposit Period, the Insured shall pay to QBE Trade Credit the Advance Deposit Premium.

The premium earned under the Policy shall be calculated by reference to the Turnover of Transactions at the Rate for Calculation of Premium subject to QBE Trade Credit retaining for the Policy Period a Minimum Premium in any event.

At the end of each Policy Period QBE Trade Credit shall calculate the amount due to or from the Insured after taking into account the Advance Deposit Premiums paid and the Minimum Premium, payment in either case being due on demand.

- (b) At the commencement of the Policy and thereafter on or before the commencement of each subsequent Policy Period, the Insured shall pay to QBE Trade Credit on demand a Limit Administration Charge.

The Deposit Period, Advance Deposit Premium, Minimum Premium, Rate for Calculation of Premium and Limit Administration Charge referred to above are specified in section 3 of the Schedule to the Policy. The Policy Period is specified in section 2 of the Schedule to the Policy.

The Insured shall pay or reimburse QBE Trade Credit on demand for all stamp duty, Goods and Services Tax (“GST”) and other statutory charges imposed by government on this Policy and all payments made hereunder.

- (c) In the event that the Insured seeks to cancel or terminate This Policy prior to the expiration of the Policy Period the Insured is still required to pay to QBE Trade Credit the amount calculated in accordance with Condition 2 (a) and is not entitled to receive any refund in relation to the premium paid or due to be paid.

3. Credit Management and Consultation

- (a) It shall be the duty of the Insured to exercise reasonable care and prudence in granting credit to and withholding credit from an Insured Buyer as if it were uninsured. The Insured shall take all necessary steps and use their best endeavours, in consultation with QBE Trade Credit, to minimise any loss.
- (b) The Insured shall not agree in advance, either in the Contract of Sale or otherwise, to a postponement of the due date for payment of an Insured Debt provided that, in the event of the need for such postponement arising at or shortly before the due date, the Insured may grant a postponement within the Maximum Extension Period specified in section 5 of the Schedule to the Policy.
- (c) In the event of an Insured Debt or any part of an Insured Debt not being paid on the due date (meaning the postponed due date where applicable) or in the event of the Insured having reason to believe that an Insured Buyer is in financial difficulties or in the event of Contract Repudiation by an Insured Buyer, the Insured shall:
 - (i) notify QBE Trade Credit in writing with the least possible delay; and
 - (ii) continue to notify QBE Trade Credit in the format required by QBE Trade Credit on a regular monthly basis until Insolvency has occurred or the account is no longer reportable; and

- (iii) take all prudent and reasonable steps required by QBE Trade Credit in connection with any loss which the Insured may have incurred or may be likely to incur including, if so required by QBE Trade Credit, the execution of such documents and the taking of such action as may be necessary to enable QBE Trade Credit to intervene directly in the proceedings relating to the Insured Debt.

4. Exclusions

- (a) Goods Despatched to an Insured Buyer at a time when an event requiring notification under Condition 3(c) including when a debt or any part of a debt owing by that Insured Buyer (but excluding a debt relating to documented disputes or documented queries) is outstanding beyond the due date (meaning the postponed due date where applicable) are excluded from the scope of the Policy and no liability shall attach to QBE Trade Credit in respect of such goods.
- (b) Cover shall not be available and QBE Trade Credit shall not be liable in respect of any indebtedness:
 - (i) which relates to or arises from interest calculated in respect of any period of credit which occurs later than the original due date for payment;
 - (ii) which relates to sales tax, any goods and services tax, value added tax, retention monies, penalties, or government charges and taxes and any consequential damages or costs;
 - (iii) relating to or arising from any transaction involving the transfer to or from goods to be held or held on a consignment stock basis by the Insured Buyer or the Insured Buyer’s Agent; unless QBE Trade Credit has before hand agreed in writing, subject to specified conditions, to cover goods drawn out of consignment and the Insured has complied with such specified conditions;
 - (iv) relating to or arising from any “pay when paid” contracts or any other agreements to sell to a person or entity who is not unconditionally and irrevocably bound to pay a purchase price as agreed before hand (eg goods delivered on a “sale or return basis” or goods delivered on a “commission basis” to a commission agent);

(v) which is subject to any form of dispute;

(vi) relating to any transactions that are in the nature of personal or consumer transactions as opposed to business or commercial transactions.

(c) Insolvency of an Insured Buyer arising from the following is specifically excluded from the scope of this Policy:

(i) Political risks, such as war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any Government or Public or Local Authority, or restrictions on transfers, unless cover in respect of such risks is included under the Policy by way of special endorsement attaching to and forming a part of the Policy.

(ii) Atomic energy risks being those operations employing the process of nuclear fission or fusion or handling radioactive material which operations include but are not limited to the use of nuclear reactors such as atomic piles, particle accelerators or generators or similar devices, or the use or handling or transportation of radioactive materials, or the use or handling or transportation of any weapon of war or explosive device employing nuclear fission or fusion.

5. Co-Insurance

(a) The Insured shall retain for their own account:

(i) so much of the Insured Loss as exceeds the Insured Percentage; and

(ii) so much of any indebtedness owing to the Insured by an Insured Buyer as exceeds the Permitted Limit; and

(iii) any Deductible.

(“the Insured’s Own Account”)

(b) The Insured must not, without the written consent of QBE Trade Credit:

(i) enter into any trade credit insurance policy that indemnifies the Insured in relation to the Insured’s Own Account; or

(ii) obtain a charge, mortgage, security, indemnity or guarantee of any type that secures the Insured’s Own Account but does not secure the Insured Percentage of the Insured Loss.

6. Assignment

The Insured shall not assign any rights under the Policy unless QBE Trade Credit’s prior written approval has been obtained and the form of assignment has been approved in writing by QBE Trade Credit.

7. Variation, Reduction or Cancellation of Cover

QBE Trade Credit may at any time and at its sole discretion give notice in writing to the Insured reducing any Permitted Limit or cancelling the cover granted by the Policy in respect of any Insured Buyer or country, such reduction, cancellation or variation shall apply in respect of goods Despatched after the date of receipt of the notice or after any date which may be specified in the notice, whichever is the later. The notice shall be deemed to have been received by the Insured within a maximum period of three (3) working days from the date of issue of the notice.

8. Claims

In the event of Insolvency, Protracted Default or Contract Repudiation of an Insured Buyer the Insured shall notify QBE Trade Credit in writing with the least possible delay and shall within six (6) months of the date of Insolvency, Protracted Default or Contract Repudiation submit a claim under the Policy in respect of an Insured Debt. Subject to Condition 9 and 11 of the Policy and after taking into account any interim payments and recoveries and any applicable first loss to be borne by the Insured, QBE Trade Credit shall pay to the Insured the Insured Percentage of the Insured Loss:

(a) In the case of Insolvency within thirty (30) days after QBE Trade Credit has received confirmation that the Insured Debt has been admitted to rank for distribution against the insolvent estate in favour of the Insured;

(b) in the case of Protracted Default within thirty (30) days after QBE Trade Credit is satisfied that the Insured has taken all reasonable steps (including the pursuit of legal action) to recover the Insured Debt without success and also that satisfactory evidence of the Insured Debt exists:

(c) in the case of Contract Repudiation within thirty (30) days after the goods have been resold or otherwise disposed of by the Insured, provided always that QBE Trade Credit has given its prior written approval to the resale or disposal of those goods.

Where documents submitted in support of a claim are in a language other than English, the Insured shall at their expense provide certified translations into English if so required by QBE Trade Credit.

If the Insured makes any claim knowing it to be false or fraudulent in any way, QBE Trade Credit shall refuse payment of the claim and may cancel the Policy.

9. Salvage

Upon collection by the Insured or QBE Trade Credit of any Salvage in respect of the indebtedness of any Insured Buyer the amount collected shall be divided between the Insured and QBE Trade Credit, QBE Trade Credit being entitled to such proportion thereof as the Insured Percentage of the Insured Debt bears to the total indebtedness of the Insured Buyer at the date of their Insolvency or the date for notification under Condition 3, whichever is the earlier.

10. Expropriation and Confiscation

QBE Trade Credit shall not be liable in respect of any Insured Debt which remains unpaid in whole or in part by reason of the expropriation, confiscation or destruction of the whole or any part of the Insured Buyer's assets (or the goods which are subject to any Insured Debt) under any law or regulation having the force of law in any country or any part of the country by any person or persons exercising powers of government in such country or any part of the country.

11. Disclosure

QBE Trade Credit may at any time examine or take copies of any letters, accounts or other documents in the possession or control of the Insured relating to or connected with this Policy or any transactions between the Insured and any Insured Buyer. The Insured shall, at the request of QBE Trade Credit, supply QBE Trade Credit with any information in their possession or take any reasonable steps to obtain for QBE Trade Credit any information or the sight of any documents in the possession of any third party relating to or connected with this Policy or any transaction between the Insured and any Insured Buyer.

12. Currency – Declarations, Claims and Salvage

- (a) This Policy is issued in the Policy Currency.
- (b) The Permitted Limits under the Policy, any other limits or deductibles, premiums, Limit Administration Charges and any other charges are expressed in the Policy Currency, and such amounts shall not vary according to changes in the exchange rate between the Policy Currency and any other currency, unless specifically agreed by QBE Trade Credit in writing.
- (c) If the Insured invoices an Insured Buyer in any currency (including any Approved Claim Currency) other than the Policy Currency, the value of each invoice must be converted into the Policy Currency for declaration of Turnover of Transactions purposes at the relevant Conversion Exchange Rate (all such Conversion Exchange Rates must be recorded in writing by the Insured at or about the time of Despatch of the goods relating to every invoice, and such records must be provided to QBE Trade Credit in the event of a claim).
- (d) Subject to Condition 8 of the Policy, for the purpose of calculating QBE Trade Credit's liability in the event of a claim arising:
 - (i) any part of an Insured Buyer's indebtedness invoiced in a Non-Approved Claim Currency will be converted into the Policy Currency in accordance with the Conversion Exchange Rate and the resultant liability shall be paid in the Policy Currency;
 - (ii) any part of an Insured Buyer's indebtedness invoiced in an Approved Claim Currency will be converted into the Policy Currency in accordance with the Conversion Exchange Rate and the resultant liability as determined in the Policy Currency will be reconverted into and paid in the Approved Claim Currency, such reconversion being made in accordance with the Conversion Exchange Rate.

- (e) For the purpose of calculating Salvage in the event Salvage is received in a currency other than the Policy Currency:
- (i) Salvage accruing in a Non-Approved Claim Currency shall be converted into the Policy Currency at the Telegraphic Transfer Buying Rate of Exchange (between such currency and the Policy Currency) of the Insured's bank at close of business on the day of receipt, whether or not such currency is actually converted into the Policy Currency on receipt. QBE Trade Credit's share of any such Salvage accruing after payment of a claim shall be paid to QBE Trade Credit in the Policy Currency.
 - (ii) Salvage accruing in the Approved Claim Currency shall be converted into the Policy Currency at the Conversion Exchange Rate of the relevant invoice or invoices to which such Salvage payments relate. QBE Trade Credit's share of any such Salvage accruing after payment of a claim shall be paid to QBE Trade Credit in the relevant Approved Claim Currency.

13. Local Currency Deposit

If delays or difficulties are experienced in obtaining payment from an Insured Buyer because of currency exchange transfer restrictions, the Insured shall call on the Insured Buyer concerned to pay to the Insured's account (or to deposit irrevocably with a Bank in the country of the Insured Buyer for the account of the Insured) at due date for payment of such Insured Debt the then local currency equivalent of contract value of the goods. Notwithstanding the cover provided under the other terms of this Policy, when such payment or deposit has been made the liability of QBE Trade Credit in respect thereof shall thereupon cease.

14. Law

- (a) This Policy shall be governed by the laws of Malaysia in every particular including formation and interpretation and shall be deemed to have been made in Malaysia.
- (b) Any proceedings arising out of or in connection with this Policy may be brought in any court of competent jurisdiction in Malaysia.
- (c) The submission by the parties to such jurisdiction shall not limit the right of QBE Trade Credit to commence any proceedings arising out of this Policy in any other jurisdiction it may consider appropriate.

Political Risks

Endorsement A

Endorsement B

Endorsement C

POLITICAL RISKS

ENDORSEMENT A

Subject to the terms, conditions and definitions of the Policy except as varied hereby it is understood and agreed as follows:

For the purpose of this Endorsement, Conditions 9 and 13 and Definition 5 of the Policy shall not apply.

COVER

QBE Trade Credit agrees to extend cover to indemnify the Insured up to the Insured Percentage of the Insured Loss in the event that the Insured Buyer is prevented from remitting from the country of the Insured Buyer to the Insured an Insured Debt by reason of Inconvertibility subject to the Exclusions in Condition A7.

DEFINITIONS

A1 Inconvertibility

There is “Inconvertibility” when events occur in the country of the Insured Buyer or legislative or administrative measures are taken in the country of the Insured Buyer which prevent, restrict or delay due transfer of an Insured Debt for a period which exceeds the relevant Waiting Period for such country specified in the Countries Endorsement to the Policy, provided always that the Insured Buyer has paid to the Insured’s account (or has deposited irrevocably with a Bank in the country of the Insured Buyer for the account of the Insured) at or within thirty (30) days of due date of payment of such Insured Debt the then local currency equivalent of such Insured Debt, unless the Insured Buyer is prohibited from making the deposit by a law, or by an order, decree or regulation having the force of law or any administrative act the effect of which is substantially equivalent thereto, of the Insured Buyer’s country.

A2 Insured Loss

In the case of Inconvertibility, the “Insured Loss” means so much of an Insured Debt as shall equal the value of the local deposit made by the Insured Buyer at the date of deposit or at the date of completion of the necessary transfer formalities, whichever is the later, taking into account the whole of any Salvage relating thereto.

A3 Salvage

For the purpose of this Endorsement “Salvage” means the value of all goods recovered (whether under retention of title or otherwise), all monies (including dividends paid or payable out of the insolvent estate of the Insured Buyer), securities, indemnities, guarantees, rights of action, counter claims, set-offs or other advantages held, received by, or due to the Insured or otherwise available for the purpose of reducing the amount of any loss in respect of an Insured Buyer which has not been paid at the date of Inconvertibility.

CONDITIONS

A1 Consultation

In the event of any occurrence which may give rise to a loss hereunder, the Insured shall notify QBE Trade Credit in writing with the least possible delay and shall take all prudent and reasonable steps required by QBE Trade Credit in connection with any loss which the Insured may have incurred or may be likely to incur including, if so required by QBE Trade Credit, the execution of such documents and the taking of such action as may be necessary to enable QBE Trade Credit to intervene directly in the proceedings relating to the Insured Debt.

A2 Waiting Period

QBE Trade Credit shall not be liable for any loss hereunder until the expiry of the relevant Waiting Period specified in the Countries Endorsement to the Policy, such Waiting Period to commence at the date of local deposit of the then local currency equivalent of such Insured Debt or the completion of formalities necessary in order to obtain due transfer from the local currency of the deposit made to the Insured, whichever is the later.

A3 Claims

In the event of Inconvertibility the Insured shall submit a claim under the Policy in respect of an Insured Debt within six (6) months of such Inconvertibility.

Subject to Conditions A4 of this Endorsement and 11 of the Policy and after taking into account any interim payments and recoveries and any applicable first loss, QBE Trade Credit shall pay to the Insured the Insured Percentage of the Insured Loss within sixty (60) days after either receipt of the claim from the Insured or the date of Inconvertibility, whichever is the later.

A4 Salvage

For the purpose of this Endorsement, upon collection or realisation by the Insured or by QBE Trade Credit of any Salvage in respect of an Insured Buyer the amount collected or realised (less any amounts in excess of the total indebtedness required by law to be paid to the Insured Buyer) shall be divided between the Insured and QBE Trade Credit, QBE Trade Credit being entitled to such proportion thereof as the Insured Percentage of the Insured Debt bears to the loss in respect of the Insured Buyer at the date of Inconvertibility. This Condition shall apply notwithstanding that the amount of such Salvage, by reason of exchange rate fluctuations or for any other reason whatsoever, exceeds any amount previously paid by QBE Trade Credit to the Insured under the indemnity provisions of this Policy.

A5 Local Currency Deposit

For the purposes of this Endorsement if delays or difficulties are experienced in obtaining payment from any of the countries included within the scope of the Policy due to exchange transfer restrictions the Insured shall call on the Insured Buyer concerned to pay to the Insured’s account (or deposit irrevocably with a Bank in the country of the Insured Buyer for the account of the Insured) at due date of payment of such Insured Debt the then local currency equivalent of the contract value of the goods.

A6 Aggregate Liability

The aggregate liability of QBE Trade Credit under the Policy in respect of any Insured Buyer shall not exceed the Insured Percentage of the Permitted Limit applicable to that Insured Buyer.

A7 Exclusions applicable to this Endorsement A

Any loss or losses arising out of the following are excluded from the cover extended under this Endorsement A:

- (a) disputes between the Insured and the Insured Buyer;
- (b) the failure of the Insured or their agents to fulfil any of the terms and conditions of their contract;
- (c) the failure of the Insured or their agents to comply with local laws and regulations of which they should reasonably have been aware unless prevented from so doing by a law, order, decree or regulation in force in the country of the Insured;

(d) war (whether before or after the outbreak of hostilities):

(i) between any of the following Five Powers: China, France, United Kingdom, Russian Federation and the United States of America and/or

(ii) between the country of the Insured Buyer and the country of the Insured;

(e) the Insolvency or financial default of any party or person whatsoever except the Insured or the Central Bank (or the equivalent official foreign exchange trustee authority as approved by QBE Trade Credit) of the country of the Insured Buyer;

(f) currency fluctuations and/or devaluations including but not limited to any shortfall between the Insured Debt and the value of the local deposit at the date of deposit or at the date of completion of transfer formalities, whichever is the later.

POLITICAL RISKS

ENDORSEMENT B

Subject to the terms, conditions and definitions of the Policy except as varied hereby it is understood and agreed as follows:

For the purpose of this Endorsement, Condition 9 and Definition 5 of the Policy shall not apply.

COVER

Notwithstanding Condition 10 of the Policy, QBE Trade Credit agrees to extend cover to indemnify the Insured up to the Insured Percentage of the Insured Loss in the event that an Insured Buyer is prevented from remitting from the country of the Insured Buyer to the Insured an Insured Debt within the relevant Waiting Period for such country specified in the Countries Endorsement to the Policy by reason of Contract Frustration, Contract Cancellation, Export Restriction or Import Restriction (hereinafter referred to as “Insured Peril(s)”) subject to the Exclusions in Condition B6.

DEFINITIONS

B1 Contract Frustration

“Contract Frustration” means the direct prevention of the due performance of a contract as a result of the occurrence within the country of an Insured Buyer of war (except as hereinafter excluded), civil war, insurrection, rebellion and/or revolution.

B2 Contract Cancellation

“Contract Cancellation” means any measure or decision of the Government of an Insured Buyer’s country which directly prevents the due performance of a contract between the Insured and an Insured Buyer.

B3 Export Restriction

“Export Restriction” means the cancellation (or the nonrenewal) of a previously valid export licence or the implementation of a law or order which directly prevents the due performance of a contract between the Insured and an Insured Buyer.

B4 Import Restriction

“Import Restriction” means the cancellation of a previously valid import licence or the implementation of a law or order which directly prevents the due performance of a contract between the Insured and an Insured Buyer.

B5 Insured Loss

In the case of an Insured Peril, the “Insured Loss” means so much of an Insured Debt as is unpaid at the occurrence of the Insured Peril or at the expiry of the Waiting Period, whichever is the lesser amount, taking into account the whole of any Salvage relating thereto.

B6 Salvage

For the purpose of this endorsement “Salvage” means the value of all goods recovered (whether under retention of title or otherwise), all monies (including dividends paid or payable out of the insolvent estate of the Insured Buyer), securities, indemnities, guarantees, rights of action, counter claims, set-offs or other advantages held, received by, or due to the Insured or otherwise available at the date of occurrence of the Insured Peril for the purpose of reducing the amount of any loss in respect of an Insured Buyer.

CONDITIONS

B1 Consultation

In the event of any occurrence which may give rise to a loss hereunder, the Insured shall notify QBE Trade Credit in writing with the least possible delay and shall take all prudent and reasonable steps required by QBE Trade Credit in connection with any loss which the Insured may have incurred or may be likely to incur including, if so required by QBE Trade Credit, the execution of such documents and the taking of such action as may be necessary to enable QBE Trade Credit to intervene directly in the proceedings relating to the Insured Debt.

B2 Waiting Period

QBE Trade Credit shall not be liable for any loss hereunder until the expiry of the relevant Waiting Period specified in the Countries Endorsement to the Policy, such Waiting Period to commence at the date of occurrence of an Insured Peril or the date on which it has become apparent to the Insured and been advised to QBE Trade Credit that due performance of a contract has been directly prevented by an Insured Peril, whichever is the later date.

B3 Claims

In the event of an Insured Peril the Insured shall submit a claim under the Policy in respect of an Insured Debt within six (6) months of such Insured Peril occurring.

Subject to Conditions B4 of this Endorsement and 11 of the Policy and after taking into account any applicable first loss, QBE Trade Credit shall pay to the Insured the Insured Percentage of the Insured Loss within sixty (60) days after either the expiry of the Waiting Period or the receipt of the claim from the Insured, whichever is the later.

B4 Salvage

For the purpose of this Endorsement, upon collection or realisation by the Insured or by QBE Trade Credit of any Salvage in respect of an Insured Buyer the amount collected or realised (less any amounts in excess of the total indebtedness required by law to be paid to the Insured Buyer) shall be divided between the Insured and QBE Trade Credit, QBE Trade Credit being entitled to such proportion thereof as the Insured Percentage of the Insured Debt bears to the loss in respect of the Insured Buyer at the date of occurrence of the Insured Peril. This Condition shall apply notwithstanding that the amount of Salvage, by reason of exchange rate fluctuations or for any other reason whatsoever, exceeds any amount previously paid by QBE Trade Credit to the Insured under the indemnity provisions of this Policy.

B5 Aggregate Liability

The aggregate liability of QBE Trade Credit under the Policy in respect of any Insured Buyer shall not exceed the Insured Percentage of the Permitted Limit applicable to that Insured Buyer.

B6 Exclusions applicable to this Endorsement B

Any loss or losses arising out of the following are excluded from the cover extended under this Endorsement B:

- (a) disputes between the Insured and the Insured Buyer;
- (b) the failure of the Insured or their agents to fulfill any of the terms and conditions of their contract;
- (c) the failure of the Insured or their agents to comply with local laws and regulations of which they should reasonably have been aware unless prevented from so doing by a law, order, decree or regulation in force in the country of the Insured;
- (d) war (whether before or after the outbreak of hostilities):
 - (i) between any of the following Five Powers: China, France, United Kingdom, Russian Federation and the United States of America and/or
 - (ii) between the country of the Insured Buyer and the country of the Insured;
- (e) the Insolvency or financial default of any party or person whatsoever except the Insured;
- (f) currency fluctuations and/or devaluations.

POLITICAL RISKS

ENDORSEMENT C

Subject to the terms, conditions and definitions of the Policy except as varied hereby it is understood and agreed as follows:

For the purpose of this Endorsement, Condition 9 and Definition 5 of the Policy shall not apply.

COVER

QBE Trade Credit agrees to extend cover to indemnify the Insured up to the Insured Percentage of the Insured Loss in the event that the Insured Public Buyer fails to remit from the country of the Insured Public Buyer to the Insured an Insured Debt by reason of Public Buyer Default subject to the Exclusions in Condition C6.

DEFINITIONS

C1 Public Buyer Default

There is Public Buyer Default when an Insured Public Buyer fails to pay to the Insured all or part of an Insured Debt within the relevant Waiting Period for that country specified in the Countries Endorsement to the Policy.

C2 Insured Public Buyer

An Insured Public Buyer means an entity which QBE Trade Credit has accepted as conforming to at least one of the following criteria:

- (a) A Central Government or a Ministry, Department or Agency thereof (hereinafter referred to as “Government”).
- (b) A Regional or Local Authority or a Department or Agency thereof (hereinafter referred to as “Local Authority”).
- (c) A Nationalised Undertaking (including a Public Corporation) or a State Trading Organisation or an entity which the Government or Local Authority directly controls provided always that the Government or Local Authority has clear, explicit and constitutionally sanctioned financial responsibility and a fundamental commitment to the continuing existence of such Undertaking, Corporation, Organisation or entity.

C3 Insured Loss

In the case of Public Buyer Default, the “Insured Loss” means so much of an Insured Debt as remains unpaid by the Insured Public Buyer at the due date for payment of such debt or at the expiry of the Waiting Period, whichever is the lesser amount, taking into account the whole of any Salvage relating thereto.

C4 Insured Buyer

For the purpose of this Endorsement, references in the Policy to an “Insured Buyer” shall mean any Insured Public Buyer carrying on business in any of the countries specified in the Countries Endorsement to the Policy but always excluding any buyer where the Permitted Limit specified by QBE Trade Credit is “nil”.

C5 Salvage

For the purpose of this Endorsement “Salvage” means the value of all goods recovered (whether under retention of title or otherwise), all monies, securities, indemnities, guarantees, rights of action, counter claims, set-offs or other advantages held, received by, or due to the Insured or otherwise available for the purpose of reducing the amount of any loss in respect of an Insured Public Buyer which has not been paid at the date of Public Buyer Default or the date for notification under Condition C1 whichever is the earlier.

CONDITIONS

C1 Consultation

In the event of an occurrence which may give rise to a loss hereunder, the Insured shall notify QBE Trade Credit in writing with the least possible delay and shall take all prudent and reasonable steps required by QBE Trade Credit in connection with any loss which the Insured may have incurred or may be likely to incur including the execution of such documents and the taking of such action as may be necessary to enable QBE Trade Credit to intervene directly in the proceedings relating to the Insured Debt.

C2 Waiting Period

QBE Trade Credit shall not be liable for any loss hereunder until the expiry of the relevant Waiting Period specified in the Countries Endorsement to the Policy, such Waiting Period to commence at the due date of payment of the Insured Debt.

C3 Claims

In the event of Public Buyer Default the Insured shall submit a claim under the Policy in respect of an Insured Debt within six (6) months of such default occurring.

Subject to Conditions C4 of this Endorsement and 11 of the Policy and after taking into account any interim payments and recoveries and any applicable first loss, QBE Trade Credit shall, within sixty (60) days after either the expiry of the Waiting Period or the receipt of the claim from the Insured whichever is the later, pay to the Insured the Insured Percentage of the Insured Loss.

C4 Salvage

For the purpose of this Endorsement, upon collection or realisation by the Insured or by QBE Trade Credit of any Salvage in respect of the indebtedness of an Insured Public Buyer the amount collected or realised (less any amounts in excess of the total indebtedness required by law to be paid to the Insured Public Buyer) shall be divided between the Insured and QBE Trade Credit, QBE Trade Credit being entitled to such proportion thereof as the Insured Percentage of the Insured Debt bears to the indebtedness of the Insured Public Buyer at the date of Public Buyer Default or the date for notification under Condition C1 of this endorsement whichever is the earlier. This Condition shall apply notwithstanding that the amount of such Salvage by reason of exchange rate fluctuations or for any other reason whatsoever, exceeds any amount previously paid by QBE Trade Credit to the Insured under the indemnity provisions of this Policy.

C5 Aggregate Liability

The aggregate liability of QBE Trade Credit under the Policy in respect of any Insured Public Buyer shall not exceed the Insured Percentage of the Permitted Limit applicable to that Insured Public Buyer.

C6 Exclusions applicable to this Endorsement C

Any loss or losses arising out of the following are excluded from the cover extended under this Endorsement C:

- (a) disputes between the Insured and the Insured Public Buyer;
- (b) the failure of the Insured or their agents to fulfil any of the terms and conditions of their contract;
- (c) the failure of the Insured or their agents to comply with local laws and regulations of which they should reasonably have been aware unless prevented from so doing by a law, order, decree or regulation in force in the country of the Insured;
- (d) war (whether before or after the outbreak of hostilities):
 - (i) between any of the following Five Powers: China, France, United Kingdom, Russian Federation and the United States of America and/or
 - (ii) between the country of the Insured Public Buyer and the country of the Insured;
- (e) the Insolvency or financial default of any party or person whatsoever except the Insured, the Insured Public Buyer or the Central Banks (or the equivalent official foreign exchange trustee authority as approved by QBE Trade Credit) of the country of the Insured Public Buyer;
- (f) currency fluctuations and/or devaluations.

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