Introduction:

In day-to-day business, credit is extended to clients in the domestic and export markets of the business entity. Royal Trade Credit Insurance aims to ensure that your entity's business grows securely by shielding it from losses caused by unpaid invoices.

Our Product protects sellers (insured) against the risk of non-payment by buyers (debtor) arising from insolvency, protracted default, or political events.

Who is providing the Coverage?

Royal Sundaram General Insurance Co. Limited.

Who can avail "Royal Trade Credit Insurance"?

This policy can be availed by business entities that sell goods or services on credit terms and wish to protect themselves against the risk of non-payment by buyers.

- **Manufacturers** selling finished or semi-finished goods on credit
- **Traders, wholesalers, and distributors** dealing in domestic or export markets
- **Exporters** offering open-account credit to overseas buyers
- **Small & Medium Enterprises (SMEs)** engaged in B2B (Business to Business) credit sales
- **Large corporates** with diversified buyer portfolios

What is the coverage under the policy?

The coverage under the policy is for loss suffered by the insured due to non-payment of invoices, provided the loss is caused by: -

- default of the debtor and
- political and assimilated events.

Default of the debtor: To fall under the cover for default of the debtor the loss needs to be caused by an event which is directly linked to the debtor itself (and the guarantor, if required). This could be either of the following events.

- ➢ the insolvency of the debtor established in law, i.e. the debtor is subject to a declaration of bankruptcy, a judicial reorganization or any other judicial decision of the same nature, resulting in the suspension of any individual collection option for its creditors;
- ➢ the protracted default of the debtor, i.e. the debtor does not perform its obligations under the transaction, without any legitimate motive and without being in insolvency.

Political and assimilated events: To fall under the cover for political and assimilated events, the loss needs to be caused by an event occurring outside your country which constitutes force majeure. This can be any of the following events:

- political events such as wars, revolutions, riots or terrorist attacks;
- natural disasters such as earthquakes, volcanic eruptions or tidal waves;
- foreign currency shortages resulting in a complete inability to transfer; or
- acts, decisions or defaults of public authorities which constitute an act of government

What are the exclusions under the policy?

1. Any loss caused by or arising directly or indirectly out of any of the following events, whether or not there is a mixture of causes of loss, is excluded from cover:
    - nuclear reaction or radiation, radioactive contamination, toxic or any other contamination or explosion, regardless of how it was caused; or
    - war (declared or not) between two or more of the following countries: China, France, Russia, the United Kingdom and the United States.
2. Any loss caused by the non-compliance of your transactions with the normal customs and procedures of international trade as commonly accepted in your sector of activity or with any applicable laws and regulations is excluded from cover. In addition, we do not provide cover and are not liable to pay indemnity or otherwise apply your Policy if doing so would expose us to any penalty, sanction or restriction under any applicable trade or economic sanctions law or regulation.

What is the duration of the policy?

The duration of the policy will be as agreed between the insurer and insured.

What is the procedure for cancellation of the policy?

We have the right to terminate your Policy with immediate effect if you cease or transfer your activities to another entity, or in case of your insolvency. We also have the right to terminate your Policy with immediate effect:

> if you have knowingly withheld important information, have transmitted misleading information to us or have perpetrated fraud in any other manner whatsoever; or

> if you do not comply with your obligations under the Policy despite repeated reminders from our side.

You have the right to terminate your Policy if you do not accept our decision to modify, reduce, suspend or terminate the Risk Acceptances, either for all transactions or risks, for one or more types of transactions or risks, or for one or more countries. To do so, you have to send us a termination notice at the latest 15 days after the notification of our decision. Your Policy will then terminate on the first day of the month following our receipt of such notice.

What is the Claims procedure?

1. **Claim intimation**:

   The declaration of a threat of loss needs to be made via our online application within the time frame defined in your Specifications List.

2. **Claim process and Submission of documents**:
   (i) The insurer will appoint an Investigative specialist for the settlement of claims who may seek for additional information/evidence or clarification
   (ii) The insured should provide all requested information and documents and co-operate with the Insurer in all matters pertaining to the Loss; and
   (iii) The insured should furnish to the Insurer affirmative proof of Loss with full particulars

3. **Settlement of claim**
   The claim will be settled as per the terms and conditions of the Policy.

Section 41 in the Insurance Act, 1938

41. Prohibition of rebates

(1) No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer: Provided that acceptance by an insurance agent of commission in connection with a policy of life insurance taken out by himself on his own life shall not be deemed to be acceptance of a rebate of premium within the meaning of this sub-section if at the time of such acceptance the insurance agent satisfies the prescribed conditions establishing that he is a bona fide insurance agent employed by the insurer.

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

Note: In case of any conflict, the terms and conditions mentioned in the policy document shall prevail.