



Hong Kong Export Credit  
Insurance Corporation  
香港出口信用保險局

**COMPREHENSIVE**

**COVER**

**SPECIMEN**  
**POLICY**

**(CCP)**

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**Highlighted** terms are defined in Section [X]

The Policy is entered into between Hong Kong Export Credit Insurance Corporation (ECIC) and the Policyholder whose name and address are specified in Schedule I. This Comprehensive Cover Policy (CCP) together with the Proposal, Schedules I and II and Endorsements (if any) constitute the Policy.

## I. THE COVER

1. Subject to the terms and conditions of the Policy, the Policyholder is insured against losses resulted directly from any of the following events which occurs after **shipment** :-

### BUYER RISKS

- 1.1 the **insolvency** of the buyer ;
- 1.2 the failure of the buyer to pay for goods accepted by him within four months after the **due date** ;
- 1.3 the failure of the buyer to take delivery of goods ;

### COUNTRY RISKS

- 1.4 the operation of a law or regulation of the buyer's country which, beyond the control of both the Policyholder and the buyer, prevents or restricts the transfer of payment to Hong Kong but only if the buyer has paid the equivalent amount payable in local currency into a bank account with an irrevocable instruction for transfer to the Policyholder, to the extent the law allows ;
- 1.5 the imposition of a law or regulation by the buyer's country which, beyond the control of both the Policyholder and the buyer, prevents the import of the goods into the buyer's country ;
- 1.6 the cancellation of a previously issued authority to import goods by the buyer's country which is beyond the control of both the Policyholder and the buyer and without any fault of either of them ;
- 1.7 a general moratorium decreed by the buyer's country or by a third country through which the payment must be effected ;

- 1.8 the occurrence of war, revolution or riot, or any natural disaster in the buyer's country which in whole or in part prevents performance of the contract ;

## II. CONTRACTS COVERED AND RELATED CONDITIONS

2. Contracts insurable under the Policy are contracts of sale between the Policyholder and an overseas buyer for export or re-export of goods from Hong Kong or export of goods from the country of shipment specified in Schedule II (Part 1) under payment terms of documents against payment (DP), documents against acceptance (DA) and open account (OA) for a period not exceeding 180 days but exclude contracts with payment under a letter of credit.
3. The contract of sale must be in force before **shipment** and be evidenced in writing identifying the contracting parties, the description of goods, the contract price, the shipment dates and the payment terms.
4. Other conditions relating to contracts insurable under the Policy include:
  - 4.1 the authority to import the goods or to pay for them must not depend on the export of or payment for other goods from any country ;
  - 4.2 payment must be made in a currency which is freely convertible in Hong Kong ;
  - 4.3 where the payment of the goods is to be made from a country other than the buyer's country, payment must only be made from a country specified in Schedule II ( Part 2 ).
5. If the contract is entered on terms different from Clause 4, the Policyholder must inform ECIC in writing before **shipment**. ECIC will advise the Policyholder whether such contract will be covered or excluded.

### III. CREDIT LIMIT

6. The Policyholder must have a credit limit approved by ECIC on each buyer and the credit limit may contain additional conditions of cover forming part of the Policy.
7. The credit limit is the maximum **amount of loss** ECIC may be liable for in respect of that buyer.
8. Any credit limit approved on a buyer applies to shipments made under all policies held by the Policyholder but the aggregate **amount of loss** in relation to that buyer may not exceed the credit limit.

### IV. DECLARATIONS AND PREMIUMS

#### DECLARATIONS AND WHOLE INSURABLE TURNOVER

9. Within 21 days from the date of **shipment** of goods under any insurable contract, the Policyholder must declare to ECIC in the form specified by ECIC (or in such other form acceptable to ECIC) the **gross invoice value** of the goods shipped. This Policy is a whole insurable turnover policy which requires the Policyholder to declare all shipments made under all insurable contracts concluded with all buyers in all countries unless specifically excluded by ECIC in writing.

#### PREMIUMS

10. The Policyholder must pay premiums within 14 days from the date of a statement/invoice issued by ECIC showing the premiums payable for shipments declared. Premiums are calculated on the **gross invoice value** of goods at the appropriate rates specified in Schedule II (as may be amended from time to time by ECIC).
11. ECIC may give a prior written notice to change any premium rate applicable to goods shipped to any country in Schedule II. In the case where ECIC increases the premium rate, the Policyholder may within 14 days from the date of such notice inform ECIC in writing to exclude from cover all (but not part) of the goods shipped to such country on and after the effective date of the increase.

12. The acceptance by ECIC of any declaration or premium does not constitute any acceptance by ECIC of the particulars stated in the declaration or of the insurance coverage of the related contract.

## V. LOSS MINIMISATION

### NOTIFICATION OF LIKELY LOSS

13. The Policyholder must immediately inform ECIC when he becomes aware of the occurrence of any event of loss, or any event likely to cause loss, or that the buyer is in **financial difficulties**.
14. The Policyholder must immediately inform ECIC of all amounts which remain unpaid for more than two months from the **due date**.

### ACTIONS AND EXPENSES FOR PREVENTING OR MINIMISING LOSSES

15. The Policyholder must take all reasonable and practicable measures and all actions required by ECIC to prevent or minimise losses. Such actions or measures include but not limited to the institution of legal proceedings against the buyer or the guarantor and the realisation of any security held by the Policyholder. In case of failure by the buyer to take delivery of goods, the Policyholder must obtain ECIC's prior approval before reselling or disposing of the goods.
16. ECIC will reimburse the Policyholder the **percentage of indemnity** of any unrecovered legal costs or any charges incurred for the purpose of preventing or minimising losses on condition that ECIC's prior written approval has been obtained. Where the total amount of **gross invoice value** not yet paid by a buyer exceeds the credit limit on that buyer, such costs or charges will be shared between ECIC and the Policyholder to the extent of their proportionate interest in such insured shipments.
17. ECIC will make the reimbursement at the time of claim payment or if no claim becomes payable, after the unpaid shipment is settled.
18. Notwithstanding the above, ECIC assumes no responsibility for any charges or legal costs incurred in relation to the resolution or the settlement of any dispute between the buyer and the Policyholder.

## VI. EXCLUSIONS

19. Notwithstanding anything contained in the Policy, ECIC will not be liable for any loss if :
- 19.1 the Policyholder has not held a valid credit limit for the buyer concerned;
  - 19.2 the Policyholder has failed to declare any insurable shipments;
  - 19.3 the Policyholder has failed to pay any premiums;
  - 19.4 the Policyholder (or any subsidiary or holding company of the Policyholder) has control over or has a substantial financial interest in the buyer concerned (or the buyer's business) or vice versa;
  - 19.5 the goods shipped under DP payment term have been released to the buyer before payment;
  - 19.6 the goods have been released to the buyer against payment in a currency deposit other than the currency stipulated in the contract without first obtaining the buyer's undertaking to make good any deficiency due to exchange depreciation; or
  - 19.7 the Policyholder has failed to comply with any term or condition of the Policy.
20. Notwithstanding anything contained in the Policy, ECIC will not be liable for any loss due to :
- 20.1 the insolvency or any act on the part of any agent (including but not limited to any carrier, bank or financial institution) of the Policyholder or of the buyer;
  - 20.2 a breach by the Policyholder of any term of the contract of sale which has the effect of relieving the buyer from his obligation to pay in whole or in part;
  - 20.3 the failure or inability of the Policyholder or the buyer to obtain any authority required under the law or regulation of the buyer's or the consignee's country in force at the date of **shipment** for the import of or payment for the goods;

20.4 any physical damage to the goods;

20.5 any other risk which can be and is normally insured under other insurance policies; or

20.6 the occurrence of any of the events specified in Sub-clauses 1.4 to 1.8 in the consignee's country where under the contract the goods are to be shipped to a country other than the buyer's country.

## VII. CLAIMS AND RECOVERIES

### LODGING OF CLAIMS AND CLAIMS INVOLVING DISPUTE

21. The Policyholder must lodge any claim in writing not later than two months after the **date of loss** and supply to ECIC all such information and documents which ECIC may require. ECIC will process the claim as soon as practicable upon receipt of the claim and the requisite information and documents.
22. If a buyer raises any dispute on his obligation to pay, ECIC will not pay claims until a final judgement enforceable against the buyer in the buyer's country has been obtained or that such dispute has been resolved in other manner approved by ECIC.

### CALCULATION OF LOSS AND CLAIM PAYMENT

23. ECIC will pay to the Policyholder the LESSER of:
- 23.1 the **amount of loss** multiplied by the **percentage of indemnity**; or
  - 23.2 the credit limit multiplied by the **percentage of indemnity**.
24. The date of claim payment will not be earlier than the **date of loss**.
25. The total claims paid by ECIC in each policy period will not exceed the maximum liability specified in Schedule I.



## RECOVERY PROCEDURES

26. After payment of the claim:
- 26.1 the Policyholder must take all reasonable and practicable measures and all actions required by ECIC including the institution of legal proceedings to obtain recoveries from whatever source ;
  - 26.2 ECIC will thereupon be fully subrogated to the Policyholder's recovery rights whether or not the Policyholder has been indemnified in full. ECIC will be entitled to take and conduct legal proceedings in the name of the Policyholder ;
  - 26.3 upon request, the Policyholder must render such assistance as ECIC may require for obtaining recoveries.
27. On receipt of any recoveries in connection with the claim payment by the Policyholder or any person on his behalf, the Policyholder must pay to ECIC the appropriate share specified in Clause 28 as soon as practicable but not later than one month after the date of receipt of such recoveries.
28. All sums recovered are to be shared between ECIC and the Policyholder in the respective proportion of the amount of claim paid to the **amount of loss** even if this results in ECIC retaining a sum greater than the claim payment.
29. Any sums recovered or received by the Policyholder or any person on his behalf but not yet shared with ECIC are held in trust for ECIC.
30. Any cost incurred for the purpose of recovery actions approved by ECIC will be shared between ECIC and the Policyholder in the respective proportion of the amount of claim paid to the **amount of loss**.

## CLAW-BACK OF MONEY PAID WRONGLY

31. If it is discovered that the Policyholder has given any false, fraudulent or misleading information in connection with any claim lodged under the Policy or that the Policyholder has not complied with his obligation relating to recoveries, all payment made by ECIC including but not limited to the claim payment must be repaid immediately to ECIC upon demand together with interest thereon at the rate of 1% per calendar month from the date ECIC made the payment.

32. If it is discovered that the Policyholder is not entitled to the claim payment in circumstances other than those in Clause 31, all payment made by ECIC must be repaid immediately to ECIC upon demand.

## **VIII. GENERAL CONDITIONS**

### **USE OF CARE AND DISCLOSURE OF MATERIAL FACTS**

33. The Policyholder must at all times use all reasonable care in executing contracts, promptly disclose all material facts and information in any way affecting the risks insured, and give full access and disclosure to ECIC all documents and records for inspection in connection with any risks covered by this Policy.

### **POLICY FEE AND POLICY DEPOSIT**

34. The Policyholder must pay the policy deposit specified in Schedule I which may be used to offset any outstanding amount payable under the Policy upon termination. Any balance will be refunded to the Policyholder. During any policy period, ECIC may vary the policy deposit by giving a prior written notice.

35. The Policyholder must pay the policy fee specified in Schedule I for each policy period, which is not refundable.

### **CHANGE OF PAYMENT TERMS OR RESCHEDULING OF PAYMENTS**

36. Unless stipulated in the credit limit, the Policyholder has the right to extend the due date for payment of any shipment once for a period not exceeding 60 days provided that such request is made by the buyer on or before the due date.

37. The Policyholder must obtain ECIC's prior written approval on the buyer's request:

37.1 to change to a less secure payment term of any shipment; or

37.2 to extend the due date for payment of any shipment under any circumstances other than that stated in Clause 36.

38. ECIC's written approval must be obtained before the Policyholder accepts any composition or rescheduling of debts unless such composition or rescheduling is binding on all creditors of the buyer.

#### ALLOCATION OF MONEY RECEIVED

39. Any payment received after cancellation of the credit limit by ECIC on any buyer will be deemed to reduce the outstanding amount which has fallen due first even though a buyer may have indicated that the payment was in settlement of an outstanding amount falling due at some later date.

#### DOUBLE INSURANCE

40. The Policyholder must inform ECIC if he has entered into any contract of insurance covering any risk insured by the Policy. In such case, ECIC's indemnity will be reduced to the proportion that its liability to pay under the Policy bears to the total liability of all insurers.

#### NO WAIVER

41. No failure by the Policyholder to comply with any of the terms of the Policy will be deemed to have been excused or accepted by ECIC unless the same is expressly so excused or accepted by ECIC in writing.

#### FALSE OR FRAUDULENT INFORMATION

42. If the Policyholder gives any false, fraudulent or misleading information under this Policy, the Policy will be rendered void. All premiums paid by the Policyholder will be forfeited.

#### ASSIGNMENT

43. The Policyholder may not assign this Policy to any party. The Policyholder may only assign his right to claim payment under this Policy with ECIC's prior written consent.

#### PLACE OF BUSINESS

44. The Policyholder must be and will remain a person carrying on business in Hong Kong.

## IX. MISCELLANEOUS

### DURATION AND TERMINATION

45. The Policy is effective for a period of 12 months from the commencement date specified in Schedule I. Each policy period will automatically be followed by a new policy period of 12 months unless notice of termination of the Policy has been given by either party in writing not later than two months before the expiry of the current policy period.
46. ECIC may terminate this Policy by written notice if the Policyholder is in breach of any term or condition of this Policy or becomes insolvent or is placed in receivership.

### CANCELLATION AND VARIATION OF COVER

47. ECIC may cancel or vary any provision of the Policy in writing including the credit limit or the cover on any goods shipped to any country. Any such cancellation or variation will only apply to goods shipped on or after the effective date specified in the notice.

### CONVERSION OF FOREIGN CURRENCIES

48. All payments under the Policy are to be calculated and paid in Hong Kong dollars.
49. For calculating premiums and any claims, any **gross invoice value** in foreign currency will be converted into Hong Kong dollar at the buying rate of exchange for telegraphic transfer indicated at the opening of business by the Hong Kong Association of Banks on the date of **shipment**.
50. Any recoveries, recovery expenses, or charges for preventing or minimising losses will be converted into Hong Kong dollar at the buying rate of exchange for telegraphic transfer indicated at the opening of business of the Hong Kong Association of Banks on the date when such payments are effected.

## GOVERNING LAW

51. The Policy will be governed by and construed in accordance with the laws of Hong Kong.

## ARBITRATION

52. Any dispute or difference arising out of or in connection with the Policy will be referred to and determined by arbitration at Hong Kong International Arbitration Centre and in accordance with its Domestic Arbitration Rules.

## X. DEFINITIONS

53. “**Amount of loss**” means the **gross invoice value** which has not been paid at the date of claim payment, less the following where applicable:
- 53.1 any expenses or interest saved by the Policyholder due to the non-fulfilment of the contract;
  - 53.2 any counter-claim or set-off which can be used by the buyer to reduce the **gross invoice value**;
  - 53.3 any reduction of payment mutually agreed between the Policyholder and the buyer;
  - 53.4 any sum the Policyholder has received from any source including the resale of any goods or the realisation of any security.
54. “**Date of loss**” means:-
- 54.1 the date on which the first event of **insolvency** occurs where the event of loss is specified in Sub-clause 1.1;
  - 54.2 four months after the **due date** where the event of loss is specified in Sub-clause 1.2;

54.3 the date on which the goods have been resold or disposed of by the Policyholder where the event of loss is specified in Sub-clause 1.3;

54.4 four months after the date of payment of local currency deposit or four months after the **due date**, whichever is the later where the event of loss is specified in Sub-clause 1.4. If the buyer is prohibited from making the deposit, four months after the **due date**;

54.5 in all other events of loss, four months after the occurrence of the event.

55. “**Due date**” means:-

The date payment is due by the buyer in accordance with the relevant contract as extended by the Policyholder in accordance with Clause 36 or approved by ECIC.

56. “**Financial difficulties**” means:-

Circumstances in which the buyer is or appears to be unable to pay debts incurred in the ordinary course of business as and when they fall due.

57. “**Gross invoice value**” means:-

The sum payable at the date of **shipment** for goods insurable under the Policy, including any insurance, freight or other charges payable by the Policyholder on behalf of the buyer and any interest charges payable by the buyer for credit facilities provided by the Policyholder.

58. “**Insolvency**” means any of the following events or the equivalent under the law of the buyer’s country :-

58.1 the buyer is declared bankrupt or is liquidated;

58.2 the buyer has a provisional liquidator or receiver appointed;

58.3 a winding-up order is made against the buyer;

58.4 the buyer makes any valid assignment, composition or arrangement with all creditors;

58.5 the holder of any debenture secured by a floating charge over the assets of the buyer has taken possession of all or a substantial proportion of the assets of the buyer;

58.6 any condition which, in ECIC's opinion, is substantially equivalent in effect to any of the above.

59. **"Percentage of indemnity"** means:-

The percentage as specified in Schedule I.

60. **"Shipment"** means:-

The placing of goods on a ship, aircraft or any other form of transportation outside the control of the Policyholder for the purpose of being exported or re-exported from Hong Kong or being exported from a country of shipment specified in Schedule II (Part 1).

## **XI. CONFIDENTIALITY**

61. Apart from the existence of the Policy, both ECIC and the Policyholder must not disclose the details of the Policy to any third party other than the bankers of the Policyholder or their respective professional advisers or as required by law. Details of the Policy include but not limited to discussions, information and correspondence in connection with the credit limit