



COMPAGNIE FRANCAISE D'ASSURANCE POUR LE COMMERCE EXTERIEUR

Baltics filialas

GLOBALLIANCE FACTORING INSURANCE GENERAL PROVISIONS No. 3

Please note that in this contract:

- 1) terms in **heavy type** are defined in the General Provisions,
- 2) values corresponding to the terms in *italics* are specified in the Schedule.

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1. THE CREDIT INSURANCE COVER

1.1. Subject matter and commencement of insurance cover

On the basis of the present contract we will be obliged in case of **debtor's insolvency** or **debtor's default** to pay you indemnification, if you will not receive payments for **debts**, purchased by you on the basis of non-recourse factoring contract concluded between you and your **customer**, which arose from **sales contracts** providing that these **debts** arisen within *insurance period*.

1.1.1. The credit insurance cover we provide shall start from the moment of **delivery** or **shipment** of goods or the performance of the services carried by your **customer**, provided that you purchased these **debts** and provided that :

- a) you purchased the **debts** within the *maximum purchase period* and the corresponding invoices are sent to the **debtor** within the *maximum invoicing period*;
- b) that the maturity date of the purchased **debts** is within the *maximum credit period*;
- c) and a credit limit has been agreed upon for the **debtor** concerned.

1.1.2. This contract is concluded upon your proposal which is made on our proposal form we provide you with.

1.2. Exclusions

1.2.1. This contract does not cover any **debts** relating to a **sales contract** your **customer** makes with :

- a) a **private individual**;
- b) an **associated company**.

1.2.2. This contract does not apply to any **debts** relating to a **sales contract** under which payment is to be received :

- a) before **delivery** in your **customer's** country and before **shipment** for export sales;
- b) by means of an irrevocable letter of credit confirmed by a bank registered in your **customer's** country.

1.2.3. This contract does not cover any loss:

- a) which is in excess of the credit limit;



- b) where you or your **customer** have not complied with any terms which may be attached to the credit limit;
- c) relating to **debts** arising from **deliveries, shipments** or performance of services made after we have refused or cancelled a credit limit;
- d) relating to **debts** arising from **deliveries, shipments** or performance of services made with :
 - a **debtor** for whom a **notification of adverse information** or **overdue account** has, or should have been given, if the **debt** remains unpaid;
 - at your or your **customer's** knowledge, a **debtor** already declared **insolvent.**,
- e) arising from a failure, by you, your **customer** or any one acting on your or your **customer's** behalf, to fulfil your **customer's** obligations under any clause or condition of the **sales contract**, or arising from the fact you would not be the legal and beneficial owner of the **debt** or from the fact that the **debt** would not be free and clear of any security or any right from a third party;
- f) in the case of **cash against documents sales**, arising from the loss of control over the goods as a result of your or your **customer's** failure to comply with any applicable rule or custom;
- g) relating to **debts** arising from **deliveries, shipments** or performance of services made without the necessary licence or, more generally, in violation of any applicable law or regulation;
- h) arising directly or indirectly from
 - nuclear explosion or contamination, whatever its origin;
 - a war, whether declared or not, between two or more of the following countries: France - Peoples Republic of China - Federation of Russia - The United Kingdom - The United States of America
- i) sustained on interest for late payment or any penalties or damages or relating to **debts** arising from rental agreements, leasing contracts, any type of brokerage agreement (commissions), customs obligations, exchange differences, licence agreements, legal costs or any other costs not included in the invoice, in particular costs of storage or production costs;



- j) Related **debts** arising from **sales contracts** made with **public buyers** and local authorities, consequences of a decision taken by the government of your country, your **debtor's** country, any other country or any other law regulations that hinder the execution of the **sales contract** or prevent the payment of the **debt**.

2. RISK MANAGEMENT

2.1. General Principles

2.1.1. Your **customer** must exercise due care in granting credit to his **debtors**, with regard to both the amount and the period of credit, and must manage all business which is covered under the contract with at least the same diligence and prudence as your **customer** would reasonably be expected to exercise were it not insured. You and your **customer** must also use all reasonable endeavours to preserve your or your **customer's** rights against both **debtors** and any third parties.

In order to minimise the risk of loss, we are equally entitled, but not obliged, to make agreements to secure the unpaid **debts** on your behalf.

2.1.2. You must keep for your own account any portion of the risk not covered by us, unless we agree in writing.

2.2. Credit Period

2.2.1 The initial credit period your **customer** grants his **debtors** must not exceed the *maximum credit period*.

2.2.2 Your **customer** may grant one or more extension periods, provided that the total duration of the credit period does not exceed the *maximum credit period*.

2.2.3 You must obtain agreement from us before your **customer** extend a **due date**:

- a) if the extended **due date** falls outside the *maximum credit period*,
- b) for a **debtor** on whom we have cancelled a credit limit,
- c) for a **debtor** for whom a notification of **overdue account** has, or should have, been made.



2.3. Notifications of Adverse Information or Overdue Account

You must notify us immediately in writing or, if available, within an electronic form agreed:

- a) as soon as you become aware of any **adverse information** concerning a **debtor**, and you shall ensure, in this respect, that your **customer** provides you with the relevant information as soon as he is aware of it
- b) as soon as you have information indicating that a **debtor** has or will become **insolvent**, and you shall ensure, in this respect, that your **customer** provides you with the relevant information as soon as he is aware of it
- c) of any **overdue account** which remains unpaid at *the time limit for notification of overdue account*. In the case of **cash against document sales**, you will send us a **notification of overdue account** within 30 days of the arrival of the documents and the goods at the place of delivery.
- d) immediately of any sums you receive or your **customer** receive after you have notified us of an **overdue account**.

2.4. Behaviour in case of overdue account

2.4.1. In case of **overdue account** you must take all measures as may be considered necessary, whether by you, by your **customer** or by us, to prevent or minimise the consequences of the claim. You and your **customer** must pursue diligently and in good time any rights you may have over, including rights to recover goods or to protect your, your **customer's** or our rights or to secure the payment of the **debt**.

2.4.2. In case of **overdue account** and earlier if legally required, you shall notify the **debtor** that you are the legal owner of the debt, in the legal form required in the country of the **debtor**, at the latest at the date of the **notification of overdue account**.

3. CLAIM PAYMENT

3.1. Payment level

We will pay the *insured percentage* of the **net debt** or of the credit limit if the **net debt** exceeds the credit limit.



3.2. Conditions of payment

The claim payment can only be made if you have duly complied with all the terms of this contract and have sent us all written evidence of the **debt**, of the purchase of the **debt** by you and the **securities** possibly obtained and, if applicable, of the **insolvency** of the **debtor**.

3.3. Subrogation

We shall have full rights of subrogation to all your rights and actions in relation to the principal and the interests of the insured **debt** and to the **securities** attached to it. You will give us any documents or titles we may require to exercise this subrogation effectively and will make any assignments or transfers required in our favour.

The subrogation will not relieve you of your obligation to take any such measures as may be deemed necessary to recover the **debt** and to comply with our instructions.

3.4. Disputed debts

3.4.1. In the event of a **dispute** arising in connection with the **debt**, cover is suspended in respect of a claim until the **dispute** is resolved in your **customer's** or yours favour by arbitration or by a final court decision, binding on both parties and enforceable in the **debtor's** country.

3.4.2. If the dispute is between yourself and your **customer**, cover will be suspended until that dispute is settled in your favour by a final court decision or by an arbitration award and until that this decision or award is enforceable in your **customer's** country.

3.5. Return of payment

We may require a claim payment to be returned to us if it subsequently appears that such a claim should not have been paid under the provisions of this contract and if, in the case of **insolvency** of the **debtor**, the **debt** is not subsequently admitted to rank.

3.6. Maximum liability

The total amount paid in respect of the claims relating to **debts** arising from risks in a single *insurance period* will not exceed the *maximum liability*.

3.7. Embargoes

Our cover may not apply and we will incur no liability to pay any claim insofar that the provision of such cover and/or payment of such claim would cause us or any



member of our group to be exposed to any sanction or penalty (including extra territorial sanctions) originating out of or related to United Nation's resolutions or trade or economic sanctions, laws or regulations of the European union or of any State, whether these sanctions existed at the inception of the contract or were implemented during the duration of the contract.

4. ASSIGNMENT OF THE RIGHTS UNDER THIS CONTRACT - ASSIGNMENT OF DEBT

4.1. You may only assign your rights to payment of claims to a third party with our prior written consent. Your obligations under this contract will remain unaffected. The loss payee will have no more rights to payment than you, and our rights under this contract shall continue to be exercisable notwithstanding the assignment.

You may assign the **debts** to the financial institution acting as the loss payee, provided that you have assigned the right to payment of claims as described above.

4.2. We may assign our rights and obligations under this contract to other insurer(s) under the procedure prescribed by the Insurance Law of the Republic of Lithuania. If you terminate the contract because you object our intention to assign the rights and obligations under the contract to other insurer(s), the insurance premium for the remaining period of the contract shall be returned to you.

5. PAYMENTS

You will pay all amounts due from you under this contract as they fall due and will not be able to offset any payment you may consider we owe you, even if we recognise that a claim is payable.

The payment of the premium will not alone give us the obligation to pay for a loss, as the loss will in any case be subject to the terms of this contract.

6. CURRENCY

If the invoices are issued in a currency other than the currency provided for in the Schedule, the receipts will be converted into the *currency of this contract*, as follows:

- for calculating the net debt :



at the *exchange rate* in force on the last working day of the month that the relevant invoice was issued with any payments received in respect of that invoice being converted at the same rate.

- for the amounts recovered after payment of claim :

at the actual rate when you, your **customer** or we collected such amounts or failing such rate, the *exchange rate* on the value date mentioned on the bank credit note.

7. ADVISING US OF CHANGES

You must inform us within 10 days of any substantial change in the information given in the application form, particularly in the nature or the scope of your activities or in your legal status.

We reserve the right, if your company is in state of **insolvency** or in case you cease your business activity, to terminate this contract immediately.

8. RIGHT OF DISCOVERY

You shall provide us with any documents and/or certified copies relating to the **sales contracts** or the Factoring Agreements entered into with your **customers** and shall allow us to exercise a right of discovery or ensure that we can exercise a right of discovery with your **customer** in order to allow us to make any check, including verifying whether you or your **customers** have fulfilled the obligations and made all required declarations in a complete, exact and truthful manner.

9. OBSERVANCE OF THE TERMS OF THIS CONTRACT

- 9.1. If you do not pay the premium, in whole or in part, within fifteen days of receiving a registered reminder from us, cover will be suspended for all of the **debts**. We will have the right to terminate this contract during this suspension. If we do not cancel the contract, cover will be resumed on the day which the full amounts of the premium and the applicable interests and costs have been paid.
- 9.2. We have the right to terminate this contract, refuse to pay any claim and require any claim payment to be returned to us if any statement you made to us was false or incomplete especially when you applied for this contract, when you made a request for a credit limit or when a cause of loss occurs, and provided that this statement



had affected the conclusion of this contract or the granting of the credit limit or our decision relating the claim payment.

- 9.3.** Any other failure to fulfil your obligations under this contract imposed on you by law or by contract, we are exempted from claim payment in an individual case without a cancellation being necessary unless such violation took place without fault. If a claim payment has already been made for this **debt**, you undertake to reimburse us for such payment.
- 9.4.** In the event of the cover is, due to the non-observance of the terms specified in this contract, forfeited, suspended or in case of termination of this contract, no return of premium will be made by us and all premium payable will be immediately due.

10. DATA PROTECTION

- 10.1.** Data (including personal data) provided by you under this contract will be used for the management of your credit insurance contract and for the needs of our insurance activities and, as the case may be, our credit assessment, credit management and financing activities. They may be transferred for these purposes to our reinsurers, to Coface, its affiliates or Credit Alliance partners (even located outside the European Union).
- 10.2.** Regarding personal data, data subjects will be entitled to access their personal data and to ask for their modification, erasure or blocking by contacting our service in charge of personal data protection at the following email address: office-lithuania@coface.com or on the following phone number: +370/5/279 17 27.
- 10.3.** We may use personal data provided by you for marketing reasons, for example to inform you about our new products or those of our affiliates and about any changes to the existing products. Data subjects will have at any moment the right to object to the use of their personal data for marketing reasons by contacting the service referred to in paragraph 10.2.
- 10.4.** You undertake to provide the data subjects with the information referred to in paragraphs 10.1., 10.2. and 10.3 here above.



11. DEFINITIONS

11.1. DELIVERY

The goods are considered delivered when they have been made available to the **debtor** or any person acting on his behalf, at the place and on the terms specified in the **sales contract**.

In the case of **cash against documents sales**, delivery occurs when the goods and documents of title arrive at the place of **delivery**.

11.2. DEBTOR

Private buyer who purchases goods or performances of services sold by your **customer**.

11.3. CASH AGAINST DOCUMENTS SALES

Sales where the applicable terms of payment provide that your **customer** keeps title to the goods until full payment has been made to the body responsible for handing the documents of title over to the **debtor**.

11.4. CUSTOMER

Any company who has signed the non-factoring contract with you and which buyers' **debts** enter within the scope of this contract.

11.5. PRIVATE BUYER

Any **debtor** not being a **private individual** or a **public buyer**.

11.6. DEBT

Amount of one or more invoices owed by the **debtor** under a **sales contract** and falling within the scope of this contract. This term is to be read as "debt purchased" throughout the entire document.

11.7. ADVERSE INFORMATION

Any event you may become aware of which has led or may lead to a deterioration of your **debtor's** financial situation, in particular:

- dishonouring of cheques or bills of exchange,
- default on direct debit mandates,
- extensions of bills of exchange agreed after **delivery, shipment** or performance of service,



- the increased deterioration of payment behaviour,
- termination of business relationship for reasons of the credit standing of the **debtor**,
- commencement of legal collection procedures or a legal action against the **debtor**,
- *the instruction of a collection agency or a lawyer for the purpose of debt collection.*

11.8. INSOLVENCY

Insolvency shall be deemed to occur in any of the following instances:

- a) insolvency proceedings have either been instituted or rejected by the court owing to the lack of assets,
- b) a compromise proceeding has been instituted by the court,
- c) a compromise has been arranged out of court with all creditors,
- d) a levy of execution on the property of the **debtor** instigated by the Insured has not resulted in full satisfaction of the **debt**,
- e) such conditions exist as are, by another system of law, substantially equivalent in effect to any of the foregoing conditions.

The term “**insolvent**” will be construed accordingly.

11.9. PRIVATE INDIVIDUAL

Refers to a person who buys goods or services for a purpose other than the purpose of his professional activity.

11.10. RECOVERIES

Any amounts received by the you, the **customer** or us from the **debtor** or a third party in connection with the **debt**, whether before or after the claim payment has been paid, including :

- any interest your **customer**, you or we receive on late payment,
- any **security** your **customer**, you or we realise,
- any credit note that your **customer** or you raise,
- any value arising from the exercise of any set-off,



- any proceeds of goods you or your **customer** has, or could have, recovered or kept. Where goods have or could have been recovered or kept the value of the proceeds is the actual value that you or your **customer** has obtained. Where goods could reasonably have been recovered or kept the value of the proceeds is 50 % of the invoice value - unless other percentage specified - where that is greater.

11.11. OVERDUE ACCOUNT

When a debt to which this contract relates has not been paid at the date, in the currency and in the place specified on the invoice according to the sales contract.

11.12. ASSOCIATED COMPANY

Any company directly or indirectly controlled by you or your customer, or which controls you or your **customer** directly or indirectly or is controlled directly or indirectly by the same company as controls you or your **customer**.

Situation of control may occur in following cases:

- a) the company which controls another company holds a direct or indirect majority of votes in this company (controlled company), in this connection indirect majority of votes through any other (controlled) companies, also due to agreements with other parties, or
- b) in case the (controlling) company has the right to appoint or dismiss members of the management of a (controlled) company, or
- c) more than a half of the management of the (controlled) company are members of the management or any other managerial organs or persons with the full power of attorney of the (controlling) company or its any other associated company, or
- d) the (controlling) company is able to have a controlling (decisive) influence on the management of another company.

11.13. PUBLIC BUYER

Any government or entity acting on behalf of a government, and more generally any public institution which may not legally be put into liquidation. Any entity whose obligations are covered or guaranteed by a government will be considered as a **public buyer**.



11.14. DEFAULT

For the purpose of this contract, **default** occurs when the **debtor** has not fully paid his **debt** at the expiration of the *maximum credit period*, where the non-payment is not caused by a **dispute** or a risk excluded from cover.

11.15. DISPUTE

Any disagreement regarding the amount of a **debt** or the validity of your **customer's** rights or **debts**, or the amount of a **debt** or the validity of your rights on the debt including any disagreement relating to any right to set off with sums your **customer** or you may owe to the **debtor** or with sums you may owe to your **customer** or your **customer** may owe to you.

11.16. SALES/SALES CONTRACT

Any agreement in any form which is legally binding upon the **debtor** and the seller and which is for the sale of goods or services against payment of a price.

Sales made on approval and consignment sales are not considered as **sales contracts**.

11.17. NET DEBT

Corresponds to the balance of a loss account including:

on the debit side:

- the amount of the invoices, covered under this contract, issued for the goods sold or services performed, including, as appropriate:
 - ◆ the VAT, if this tax is covered under this contract,
 - ◆ any interest payable up to the due date, but none that accrues thereafter,
 - ◆ the packing, transport, insurance costs and any taxes owed by the **debtor**, with the exclusion of any interests for late payment and any penalties or damages;

on the credit side:

- the amount of any **recoveries** received by you, your **customer** or by us up to the date of drawing up of the loss account and the total amount of the expenses that you or your **customer** did not have to pay as a result of the loss.



11.18. DUE DATE

Due when the **debtor** must pay for his **debt** according to on the invoice according to **sales contract**.

11.19. SHIPMENT

Goods are considered shipped when they are handed over to a third party - generally a carrier - to take them to the place of delivery specified on the invoice according to the **sales contract**.

11.20. SECURITY

Any mortgage, charge, pledge, lien, personal guarantee or any other real or personal **security** or other encumbrance securing any obligation of a **debtor**.

11.21. NOTICE/ NOTIFICATION

The date you or we receive a written notice from us or you at your or our administrative address by mail, fax or in electronic form agreed – if available.

CONFIRMED

COMPAGNIE FRANCAISE D'ASSURANCE POUR LE COMMERCE EXTERIEUR Baltics filialas

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