



Trade Credit

Excess of loss

Policy wording

Hollard.

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INSURANCE CODE OF CONDUCT

Hollard proudly supports the South African Insurance Association (SAIA) Code of Conduct.

The purpose of the Code is to raise standards of practice and service in the general insurance industry.

The objectives of the Code are to:

1. promote better, more informed relations between insurers and their customers
2. improve consumer confidence in the general insurance industry
3. provide better mechanisms for the resolution of complaints and disputes between insurers and their customers, and
4. commit insurers and the professionals they rely upon to higher standards of customer service. Information on the Code is available from the nearest Hollard office or from SAIA.

Hollard's commitment service

Hollard has adopted and supports the Code and is committed to complying with it.

Contact Hollard for more information about the Code.

How to resolve a complaint or dispute

Step 1: Talk to Hollard first

If the insured has a complaint, the first thing the insured or his/her insurance broker should do is speak to Hollard.

If the complaint is related specifically to a claim, speak with the insurance intermediary or insurance broker to discuss the claim with the claims officer managing the claim.

If the staff member or claims officer is unable to resolve the matter, the insured's insurance intermediary or insurance broker may speak to a manager at Hollard. The manager will usually provide the insured with a response to the complaint within a reasonable period of time. If the timeframe is impractical for any reason such as the need for more information or further investigation, Hollard will discuss alternative timeframes with the insured. If the insured is not satisfied with Hollard's response or Hollard cannot agree with the insured on alternative timeframes, the insured then moves on to step 2.

Step 2: Seek a review

If the matter is still not resolved, Hollard will refer:

- the insured to the insurance intermediary
- the insurance broker to the relevant dispute handling department
- the area who will conduct a review of the dispute

and will usually provide the insured with a response to the dispute within a reasonable period of time. If the timeframe is impractical, Hollard will discuss alternative timeframes with the insured.

If the insured is still not satisfied with Hollard's response to the dispute or Hollard cannot agree on alternative timeframes, the insured then moves on to step 3.

Step 3: Seek an independent review

The insured is entitled to seek an external review of Hollard's decision. Hollard will provide the insured with information about options available, including, if appropriate, referring the insured to the external dispute resolution scheme administered by the Ombudsman for Short-term Insurance (OSTI).

The OSTI is an independent external dispute resolution office and its service is free to Hollard customers. The OSTI will advise the insured if they can assist.

The OSTI can be contacted at:

The Ombudsman for Short-term Insurance

Phone: 011 726 8900

PO Box 32334

Fax: 011 726 5501

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Hollard agrees to accept an OSTI decision; however, the insured has the right to take legal action if the OSTI decision is unacceptable. The OSTI only accepts resolutions under their Terms of Reference.

Further information about Hollard's complaint and dispute resolution procedures is available by contacting us.

DEFINED EVENT

The Company agrees to indemnify you in accordance with the terms, exceptions and conditions of this policy for an insured loss you may sustain following a loss event.

A loss event occurs on the happening of any of the following:

1. Business Rescue

a resolution is passed or a court order is granted for the placing of the insured debtor under supervision in the process of a business rescue. From this date, a claims waiting period of 90 days shall apply and within which time you will be required to prove your claim to the appointed business rescue practitioner

2. Liquidation

the insured debtor's insolvency, which shall occur on the happening of any of the following events:

- 2.1 the grant of an order of court in terms of which the insured debtor is provisionally or finally sequestrated or provisionally or finally wound up
- 2.2 a compromise, whether by way of scheme of arrangement or otherwise, has been approved and made binding, by way of court order, on the insured debtor and its creditors.

EXCEPTIONS

The Company will have no liability for losses resulting directly or indirectly from:

1. any money lending of any nature
2. a failure by you or anyone acting on your behalf to comply with any of the terms or fulfil the terms, exceptions and conditions of the credit agreement with an insured debtor
3. Credit agreements entered into by and between you and:
 - 3.1 an insured debtor for whom a notification of non-payment of account has or should have been given in accordance with the provisions of condition 5.2
 - 3.2 an insured debtor over whom you have direct or indirect control or in whom you have a direct or indirect interest or who has such control or interest in you
4. a failure by you or anyone acting on your behalf to comply with any law applicable in South Africa that impacts the ability for the insured debtor to meet their obligation or for The Company to make a recovery
5. any dispute between you and your insured debtor where your insured debtor claims for any reason whatsoever that it is justified in withholding partial or full payment or not performing any of its obligations under the credit agreement. This exclusion will no longer apply as soon as and to the extent that the dispute has been resolved in your favour either by way of agreement or by way of a final court judgment or final arbitration award
6. any physical damage to the goods, loss of goods or deterioration of goods where such damage was covered or could have been covered under a policy of insurance other than credit insurance
7. any interest in respect of late payments due by the insured debtor
8. any contractual or legal damages or legal fees of any nature or any consequential losses
9. any Value Added Tax as stated in condition 26.

The Company will not be liable for any loss or damage caused by or through or in consequence directly or indirectly of any of the following occurrences, namely:

10. war, invasion, act of foreign enemy, hostilities or war-like operations (whether war be declared or not), civil war, mutiny, military rising, insurrection, rebellion, revolution, military or usurped power
11. any act of any person acting on behalf of or in connection with any organisation with activities directed towards the overthrow by force of any government de jure or de facto or to the influencing of it by terrorism or violence

12. martial law or state of siege or any events or causes which determine the proclamation or maintenance of martial law or state of siege
13. the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in clauses 11, 12 and 13.

If the Company alleges that, by reason of 11, 12, 13 or 14 of this exclusion, loss or damage is not covered by this policy, the burden of proving the contrary shall rest on you.

Furthermore, this policy does not cover any legal liability loss, damage, cost or expense whatsoever or any consequential loss directly or indirectly caused by or contributed to by or arising from:

14. ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion or use of nuclear fuel
15. nuclear material, nuclear fission or fusion, nuclear radiation
16. nuclear explosives or any nuclear weapon
17. nuclear waste in whatever form,

regardless of any other cause or event contributing concurrently or in any other sequence to the loss. For the purpose of this exception only, combustion shall include any self-sustaining process of nuclear fission.

18. An Insured Debtor's inability to meet their payment obligations of the Insured Debt to the policyholder which is directly or indirectly caused by the failure or inability of any entity that generates, distributes or transmits electricity, to supply or transmit electricity to the Insured Debtor for a continuous period of at least 72 hours and where the Insured Debtor has not made alternative arrangements for the generation of electricity.

CONDITIONS

1. COMMENCEMENT OF COVER

Insurance cover commences from the effective date.

2. PREVENTION OF LOSS

You must exercise due care in granting credit to your debtors with regard to both the amount and the period of credit, and must manage all business which is covered under this policy with at least the same diligence and prudence as you would reasonably be expected to exercise were it not insured:

- 2.1 the exercise of due care includes ensuring that orders placed for goods emanate from your debtor and are not fraudulent and that goods are delivered to or are collected by your debtor or its duly authorised representative pursuant to a valid and genuine credit agreement
- 2.2 you must in addition use all reasonable endeavours to preserve your rights both against your debtors and any third parties and, to the extent necessary, to avoid a loss event, exercise those rights
- 2.3 you must advise The Company in writing of any change to the details provided by you in the proposal form
- 2.4 you must forward to The Company by no later than the 15th day of any month your age analysis for the previous month containing a summary of all the amounts outstanding to you on all your debtors irrespective of whether such debtors are insured or not.

3. ADVERSE INFORMATION

You must notify The Company without undue delay of the occurrence of any circumstance or event likely to cause a loss. Such a circumstance or event includes:

- 3.1 a request by an insured debtor for an extension of the due date of payment beyond the maximum extension period referred to in this policy
- 3.2 the imminent insolvency of the insured debtor
- 3.3 the imminent or actual commencement of business rescue proceedings in respect of the insured debtor

- 3.4 you becoming aware of unfavourable information concerning the insured debtor's financial position, reputation or debt payment performance
- 3.5 the insured debtor refusing to take delivery of any goods ordered or services commissioned
- 3.6 you having reason to believe that the insured debtor is unable or is likely to be unable to perform or comply with the terms of the credit agreement.

4. AUTOMATIC REDUCTION OF CREDIT LIMIT

Cover under this policy shall not apply with respect to any loss you may sustain in relation to goods or services delivered after the date of any of the following circumstances:

- 4.1 where the terms of payment:
 - 4.1.1 are less than 30 days, the amount owed by the insured debtor remains unpaid for 14 days past the original due date
 - 4.1.2 are 30 days or more, the amount owed by the insured debtor remains unpaid for 30 days past the original due date
- 4.2 where the credit limit for the insured debtor is withdrawn by The Company
- 4.3 where a loss event has occurred or you are aware or ought reasonably to have been aware that a loss event is about to occur.

5. OVERDUE INSURED DEBTORS

5.1 Mitigation of loss

You must take all reasonable steps to prevent or reduce any potential loss including but not limited to the commencement of collection proceedings. You must further comply with any mitigation instructions issued by The Company.

5.2 Non-payment notification

- 5.2.1 Where the terms of payment are less than 30 days, you must immediately notify The Company in writing if an insured debtor's account remains unpaid, for any reason whatsoever, for a period of 30 days beyond the original due date, or you become aware of an actual or threatening loss event.
- 5.2.2 Where the terms of payment are 30 days or more, you must immediately notify The Company in writing if an insured debtor's account remains unpaid, for any reason whatsoever, for a period of 75 days beyond the original due date, or you become aware of an actual or threatening loss event.

6. SUBMITTING OF CLAIMS

- 6.1 Should an insured debt remain unpaid as per condition 5.2, the insured debtor must be referred to The Company by you, in writing, for intervention failing which The Company will have no liability in terms of the insured debt.
- 6.2 Should a loss event occur you will be required to submit to us a completed claim form.
- 6.3 With all loss events you will have the option to either:
 - 6.3.1 Be indemnified for the insured debt, or
 - 6.3.2 Release The Company of our liability and allow the insured debtor the opportunity to settle the insured debt without submitting a claim.
- 6.4 Should you choose to be indemnified for the insured debt, the insured debt will be subrogated to The Company as per condition 9 and The Company will have the right to recover any losses incurred from the insured debtor.
- 6.5 Any additional information and documentation requested by The Company for assessment of a claim must be submitted within 30 days from the date of the request for such information or documentation.
- 6.6 If the insured debt or any part of it is subject to a dispute, The Company will have no liability in respect of the disputed amount until that dispute is finally resolved in your favour either by way of a written agreement or by way of a final court judgment or final arbitration award.

7. INDEMNITY

The Company's liability shall not exceed the portion of the insured debt as determined in the schedule.

8. PAYMENT OF INDEMNITY

- 8.1 The Company will indemnify you, in respect of an approved claim within 30 days of acceptance by you of The Company's proposed indemnity. In accepting payment of the indemnity, you agree to comply with any conditions stipulated in the proposed indemnity. You further agree to refund any indemnity should you fail to comply with any conditions stipulated in the proposed indemnity or if it transpires that you were not entitled under the policy to receive the indemnity.
- 8.2 Where an insured debtor is placed under supervision giving rise to a business rescue loss event, The Company will not be obliged to indemnify you if you did not timeously submit your claim for proof to the business rescue practitioner and exercise your rights to vote on the adoption or rejection of a business rescue plan as directed by The Company.
- 8.3 You will be required to refund an indemnity if, in the case of an insolvency loss event, your claim is not admitted to proof in the insolvent estate.

9. SUBROGATION

The Company or its nominated agent will have full rights of subrogation to all your rights and actions in relation to the insured debt and any security attached thereto. This notwithstanding, The Company may require you to formally cede the claim which you have against the insured debtor, to it.

10. ALLOCATION OF RECOVERIES

- 10.1 Any recoveries received by you or by any person acting on your behalf after the occurrence of a loss event shall, for the purposes of the policy, be allocated to the oldest outstanding debt first. Once you have recovered the retention layer the balance of the recoveries shall be allocated to The Company prior to any further recoveries being allocated to you.
- 10.2 All recoveries received in respect of legal and collection costs incurred by The Company or our agent will accrue to The Company.
- 10.3 Interest recovered on the insured debt from the date of indemnification will accrue to The Company. All other interest recovered will be paid to you.
- 10.4 You are obliged to pay to The Company any recoveries received by you within 14 days of receipt.
- 10.5 You may only accept a settlement offer in respect of an insured debt with the prior written consent of The Company.

11. COSTS OF MITIGATION

- 11.1 The Company will cover all the costs that it incurs in order to prevent or minimise an insured loss or in collecting an insured loss.
- 11.2 The Company shall be entitled to nominate a collection agency or attorney of its choice.
- 11.3 A Hollard approved credit agreement will be required in order to submit a claim as per condition 6. Should the credit agreement remain unapproved by The Company at the time that you submit a claim, The Company will only cover pre-legal costs incurred.
- 11.4 The Company will have no liability for costs which you incur:
 - 11.4.1 in order to prevent or minimise an insured loss
 - 11.4.2 in collecting an insured loss
 - 11.4.3 in resolving disputes between you and the insured debtor
 - 11.4.4 in defending any proceedings brought against you
 - 11.4.5 where you choose not to collect the costs from the insured debtor.

12. OTHER INSURANCE

If, at the time of any event giving rise to a claim under this policy, an insurance exists with any other insurers covering the insured against the defined events, and where the insurers cover the same insured debt, the Company shall be liable to make good only a rateable proportion of the amount payable by or to the insured in respect of such event.

13. PREMIUM AND FEES

- 13.1 The premium and fees payable under the policy are set out in the schedule.
- 13.2 All premiums and fees must be paid to The Company within 30 days from date of invoice.
- 13.3 All premiums and fees must be paid to The Company within 30 days from date of invoice. Premiums and fees not paid within 60 days from date of invoice, will result in cover being automatically withdrawn from the date of invoice.
- 13.4 The Company shall not be under any obligation but may, in its sole discretion, agree to accept any amounts due by you and not paid timeously.

14. MISREPRESENTATION, MISDESCRIPTION AND NON-DISCLOSURE

Misrepresentation, misdescription or non-disclosure in any material particular shall render this policy voidable at The Company's discretion.

15. TRADE AND ECONOMIC SANCTIONS

The Company will not provide any cover contrary to trade or economic sanctions. If The Company discovers that you are subject to such sanctions, it will cancel your policy from the policy inception date or the date that you became subject to sanctions. The Company will refund any premiums paid by you and will not pay any claims.

16. CURRENCY

The currency of the policy is South African Rand. It will be used for the payment of premiums, fees and indemnities due in terms of the policy.

17. VERIFYING DOCUMENTS

The Company may at any time request copies of and/or inspect any documents which relate to any insured debt or claim under the policy.

18. PRIVACY

We care about the privacy, security and online safety of your personal information and we take our responsibility to protect this information very seriously. Below is a summary of how we deal with your personal information. For a more detailed explanation, please read our official Privacy Notice on our website.

- 18.1 **Processing your personal information:** We have to collect and process some of your personal information in order to provide you with our products and services, and also as required by insurance, tax and other legislation.
- 18.2 **Sharing your personal information:** We will share your personal information with other insurers, industry bodies, credit agencies and service providers. This includes information about your insurance, claims and premium payments. We do this to assess claims, prevent fraud and to conduct surveys.
- 18.3 **Protecting your personal information:** We take every reasonable precaution to protect your personal information (including information about your activities) from theft, unauthorised access and disruption of services.
- 18.4 **Receiving marketing from us:** Please contact us if you want to change your marketing preferences. Remember that even if you choose not to receive marketing from us, we will still send you communications about this product.

19. CONFIDENTIALITY

This policy is confidential and must not be disclosed to any third party without the prior consent of The Company. The amount for which credit limits are approved or the withdrawal or rejection of credit limits in respect of any buyer or insured debtor may not be disclosed by you to any person without The Company's written consent.

20. PERIOD OF INSURANCE

- 20.1 The policy will commence on the inception date stated in the schedule and will continue indefinitely unless either you or The Company give 31 days notice of termination of the policy. The terms and conditions of the policy shall remain binding upon The Company and upon you in respect of any insured debt arising from the insurance cover before the expiration of the notice period.
- 20.2 No insured debt will be covered unless it is incurred during the period of the policy and within the terms of any credit granted.
- 20.3 The Company may in its sole discretion terminate the policy with immediate effect if you fail to comply with any of the conditions of the policy or any material term of the policy, or you commit an act of insolvency.
- 20.4 The provisions of the policy may be amended by The Company by giving you 31 days notice in writing of the proposed amendment.

21. FAILURE TO COMPLY

Should you fail to comply with any of your obligations under the policy, The Company shall be entitled to suspend its liability and/or terminate the policy. Your obligations under the policy continue, regardless of any suspension or termination. The Company does not waive any breach by you of any term, exception or condition of the policy unless it has agreed to the waiver expressly and in writing.

22. DISPUTES

In the event of both you and The Company agreeing to submit any unresolved dispute between ourselves arising out of or in connection with this policy to arbitration, the arbitration proceedings will be held at Sandton, Republic of South Africa, and will be conducted under the Standard Procedure Rules for commercial arbitrations of the Arbitration Foundation of Southern Africa.

23. LAW AND JURISDICTION

Any dispute between the insured and the insurers in connection with or arising out of the policy shall be decided exclusively in accordance with the law of the Republic of South Africa and exclusively by a competent court of South Africa.

The insured undertakes that they will not institute any action against the insurers nor bring joinder proceedings against the insurers in the court of any country other than the Republic of South Africa.

24. ASSIGNMENT OF RIGHTS

You must obtain The Company's written consent prior to ceding or assigning any of your rights under the policy to any third party. Any cessionary agreed to by The Company will be reflected in the schedule.

25. SOLE RECORD OF AGREEMENT

This policy constitutes the sole record of the agreement between the parties with regard to the subject matter hereof. No party shall be bound by any express or implied term, representation, warranty, promise or the like not recorded herein.

26. VALUE ADDED TAX (VAT)

Value Added Tax will be applied in accordance with the Value Added Tax Act No. 89 of 1991 (as amended). Any premium and fees quoted in the policy, and any credit limits issued and declarations made of turnover or outstanding balances, as the case may be, will be exclusive of VAT.

PROVISIONS

1. LIMITS OF INDEMNITY

A credit limit approved by The Company will only be valid if confirmed via an annexure of approved debtor by The Company and will remain valid until it is withdrawn, varied or reduced, in writing, or the policy is terminated.

2. CREDIT LIMIT REQUESTS

- 2.1 You must apply to The Company for all new or increased credit limits required on debtors or insured debtors.
- 2.2 The Company may at any time and for any reason attach terms and conditions to credit limits which may vary or override the terms and conditions of the policy. We may also at any time for any reason vary, reduce or withdraw credit limits by means of an annexure of approved debtor.
- 2.3 Any variations, reductions or withdrawals will not have retrospective effect. Unless otherwise stated, a credit limit approved in respect of a particular insured debtor replaces and is not additional to any credit limit previously approved in respect of the same insured debtor.
- 2.4 Credit limits may be increased at any time. Once a credit limit is approved you may not reduce the value of the credit limit for 120 days.

DEFINITIONS

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|-----|------------------------------------|--------------|--|
| 1. | Acknowledgement of debt | <i>means</i> | a written document which contains the amount and repayment terms of the insured debtor's undisputed indebtedness to you, and where the repayment terms have been approved by The Company. |
| 2. | Age analysis | <i>means</i> | an electronic report in a suitable format containing a summary of the amounts owing to you by all your debtors where such report includes the debtor name, the account number and the total amount owing to you. The total amount owing must be broken down to reflect the ageing of each debtor per period. |
| 3. | Annexure of approved debtor | <i>means</i> | the confirmation of insurance cover provided by The Company for an insured debtor. |
| 4. | Effective date | <i>means</i> | the date upon which a debtor is approved by The Company for insurance cover as per the annexure. |
| 5. | Credit agreement | <i>means</i> | an agreement, approved by The Company, which is legally binding upon you and your debtor and which is for the sale of goods or services or work performed. |
| 6. | Credit limit | <i>means</i> | the limit specifying the maximum amount and conditions upon which The Company accepts liability for any insured debtor to whom this policy applies. |
| 7. | Credit terms | <i>means</i> | the period specifying the maximum number of days that the insured may extend credit to the insured debtor upon which The Company accepts liability for any insured debtor to whom this policy applies as stated in the schedule. |
| 8. | Delivery/Delivered | <i>means</i> | the date the goods or services that have been made available or rendered to the insured debtor or any person acting on its behalf at the place and on the terms specified in the credit agreement. |
| 9. | Insurance cover | <i>means</i> | the cover in respect of goods or services delivered from the effective date to the insured debtor on the approved credit terms and subject to the conditions of the policy. |
| 10. | Insured debtor | <i>means</i> | the entity legally responsible for payment of the insured debt and which has been approved by The Company. |
| 11. | Insured debt | <i>means</i> | the total value of goods or services delivered by you to an insured debtor, but subject to the credit limit. |
| 12. | Insured loss | <i>means</i> | the loss suffered by you pursuant to the occurrence of a loss event covered in terms of this policy less any recoveries due to the account of the insured debtor, less any savings you make through the non-fulfilment of the credit agreement but excluding VAT or similar tax and penalty interest. |
| 13. | Insured percentage | <i>means</i> | the percentage stated in the schedule which is applied to the insured loss for the calculation of the indemnity. |
| 14. | Policy | <i>means</i> | this policy document including the schedule, the annexure of approved debtor, and any endorsements or written notifications which are issued in connection with the policy. |

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|----------------------------|--------------|---|
| 15. Recoveries | <i>means</i> | any monies received from any source including but not limited to indemnities, the proceeds of securities or guarantees realised, any credit notes, counterclaims, set-off's or goods recovered. |
| 16. Retention layer | <i>means</i> | the value of goods or services delivered by you to an insured debtor but subject to the retention limit. |
| 17. Retention limit | <i>means</i> | the limit specifying the amount retained by you prior to any amount which The Company accepts liability for any insured debtor to whom this policy applies. |
| 18. Schedule | <i>means</i> | the document detailing your name, address, the insured debtor, the effective date, the credit terms the credit limit, the insured percentage, the premium and other matters relevant to this policy and your insurance cover. |
| 19. The Company | <i>means</i> | The Hollard Insurance Company Limited. |
| 20. You | <i>means</i> | the policyholder named in the schedule. |



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Hollard.

trade credit • marine • guarantees

hollard.co.za

Underwritten by The Hollard Insurance Company Limited (Reg No. 1952/003004/06), a Licensed Non-Life Insurer and an authorised Financial Services Provider