



Domestic Policy

Contents		Page
Section One	Coverage	3
Section Two	Conditions	3
Section Three	Definitions	7
Section Four	Exclusions	9

Section One:**Coverage**

In consideration of the payment of premium and subject to the other terms and conditions set forth herein, the Company agrees to insure the entity named in the Declarations against LOSS due to INSOLVENCY of BUYERS, to an amount not to exceed the applicable limit for such BUYER less any deductible or coinsurance.

Coverage of any LOSS shall be limited to DELIVERIES made to a BUYER while the Policy is in effect and to the amount listed for the BUYER on the applicable endorsement; also, subject to the applicable Policy terms and conditions in effect at the time of DELIVERY. Payment of all premiums and other charges due as agreed shall be conditions precedent to any right of recovery by the Insured.

Section Two:**Conditions****A. Overdue Payment Period**

The Insured shall not agree to an original due date beyond that allowed in the Covered Terms of Sale portion of the Declarations except where such Covered Terms of Sale are modified by endorsement. In the event the BUYER fails to make payment on the original due date, the Insured may grant an extension to the BUYER not to exceed the Overdue Payment Period specified in the Declarations. The granting of an extension to a BUYER does not in any way alter the Covered Terms of Sale endorsed to this Policy.

The Insured shall not, without written consent of the Company, make any agreement other than authorized extensions as specified herein. In the event that the Insured violates this Policy condition, then coverage to such a BUYER shall be voided and treated as if the amount of coverage applicable to the BUYER was zero (0), and coverage will not apply to DELIVERIES made subsequent to any unauthorized extension.

B. Notification

If the BUYER fails to make payment by the end of the Overdue Payment Period, the Insured shall notify the Company promptly in writing at 5026 Campbell Boulevard, Suite C, Baltimore, Maryland 21236, or on forms provided by the Company.

C. Limit Obligations of Insured

It is the duty of the Insured to request the Company to establish named limits of coverage for BUYERS under the conditions of the Policy. When requesting named limits of coverage, the Insured shall fully disclose all known facts concerning the BUYER and the risk.

Regardless of any endorsed limit of coverage under the Policy, it is at the sole discretion of the Insured to grant credit or withhold credit from its BUYERS.

D. Warranties and Representations

The Warranties and Representations made in the Application for this Policy of Credit Insurance are the basis for this Policy and are material to the risk assumed by the Company under this Policy. Any false warranty, concealment, fraud or material misrepresentation made in obtaining this Policy, or in any claim for LOSS under this Policy, shall void this Policy from its beginning. If, by the law of the State involved, warranties are prohibited or not recognized in the Application for a Policy, then in conformity therewith, statements of the Insured in the Application for this Policy shall be accepted as material representations and shall be incorporated into and made part of this Policy.

- E. Right to Audit and Copy Books and Records** The Insured shall permit the Company to audit and copy the books, securities, and papers of the Insured bearing upon any matter involved with this Policy. The Insured shall give such assistance and information as the Company shall require, but no such audit shall be an admission of liability or waiver of any of the terms or conditions of this Policy.
- F. Report of Sales and Deliveries** The Insured shall furnish to the Company, on forms provided by the Company, no later than thirty days after the expiration of each insurance period, an annual report of goods or services sold and DELIVERED to BUYERS during the period that the Policy is in effect.
- G. Payment of Premium** The Deposit Premium shall be paid by the Insured at the inception of each period that the Policy is in effect. The final premium for the insurance period shall be the total INVOICE PRICE of goods or services sold and DELIVERED to BUYERS during the period that the Policy is in effect multiplied by the Premium Rate(s) specified in the Declarations.
- H. Policy Form** The Policy shall consist of this printed Policy form, the Declarations, the Application, and endorsements issued by the Company.
- I. Waiver or Change of Terms or Conditions** No notice to or knowledge of any person shall effect a waiver or change of any term or condition of this Policy. Any changes or alterations must be effected through a written endorsement issued directly by the Company.
- J. Notification of Claims** When a BUYER becomes INSOLVENT, the Insured must file a Notification of Claim Form with the Company at its Home Office, 5026 Campbell Boulevard, Suite C, Baltimore, Maryland 21236.
- K. Claims Obligation of Insured** The Insured must file the Notification of Claim Form for any covered INSOLVENCY within sixty days from the termination or cancellation of the Policy. The receipt, retention, or handling by the Company of any Notification of Claim filed by the Insured shall not constitute a waiver of any of the terms or conditions of this Policy, nor shall it be an acceptance of such claims as covered by this Policy.
- L. Cooperation Clause** The Insured shall take all steps required by the Company in connection with any LOSS which the Insured has incurred to enable the Company to intervene directly in the proceedings related to the LOSS.
- M. Determination of Amount Payable** To ascertain the amount payable on any LOSS (Section Three, Definition E) submitted, the following will be deducted:
- (1) First, the amount in excess of the credit limit;
 - (2) The INVOICE PRICE of merchandise returned, reclaimed, or replevined when such merchandise is in the undisputed possession of the Insured;
 - (3) Any discount, allowances, or other credit to which the BUYER would be entitled at the time of settlement;
 - (4) Any legally sustainable offset that the BUYER may have against the Insured.
- From the amount payable as ascertained above there shall be deducted first, any applicable deductible; second, any applicable coinsurance; and finally, any amounts due to the Company.

All amounts collected from the BUYER or obtained from any other source after the date of INSOLVENCY will be applied pro rata within the limit of coverage, as the Company's and the Insured's interests appear.

N. Foreign Currency

In the event DELIVERIES are made to locations outside the United States of America, the following conditions apply:

- (1) The Credit Limits are in U.S. Dollars (hereinafter referred to as Dollars), and the INVOICE PRICE for goods or services DELIVERED to a BUYER for the purpose of this Policy shall be converted to Dollars and all amounts are payable in Dollars.
- (2) For the purpose of the Report of Sales and Deliveries, pursuant to Section Two, Condition F, the rate of exchange shall be the New York Foreign Exchange Selling Rate published in the Wall Street Journal for the last day of the month in which invoices were sent.
- (3) For the purpose of claim settlement, the rate of exchange shall be the New York Foreign Exchange Selling Rate published in the Wall Street Journal on the date of INSOLVENCY.

O. Disputed Indebtedness

If any indebtedness of a BUYER to the Insured is disputed in whole or in part, the amount disputed shall not be allowed in any settlement under this Policy. When the disputed amount has been finally determined to be an acknowledged indebtedness by the BUYER or the BUYER'S estate, then the indebtedness so far as covered under this Policy shall be settled and the amount due the Insured shall be paid.

It is the responsibility of the Insured to resolve all such disputes and to pay all costs and expenses incurred in their resolution.

P. Assignment of Claims

The Insured shall assign to the Company, on forms prescribed by the Company, all rights, title and interest to all claims which have been settled by the Company together with all related securities and guaranties. The Insured shall upon demand reimburse the Company for any amount paid by the Company to the Insured on any portion of indebtedness which after assignment is disputed, rejected or not established as a claim against the BUYER or the BUYER'S estate together with all expenses of any legal action thereon. The Company will reassign to the Insured any amount that becomes disputed.

Any claim assigned to the Company which shall not have been covered in full by this Policy shall be handled by the Company for the joint benefit of the Insured and the Company to the extent of their respective interests in such claim.

Q. Collections and Salvage

The Company is entitled to handle claims assigned to it with full power to institute all proceedings for collection, compromise or release. The Company may instruct the Insured to institute or prosecute such proceedings. The Insured agrees to follow such instructions, including those related to settlement and recovery. This duty shall continue after payment of claims.

Recoveries after the date of INSOLVENCY by the Company or by the Insured shall, after charges or expenses have been deducted, be divided pro rata to the extent of their respective interests in such claim. This proportionate sharing of salvage does not include any deductible amount.

If, after the deductions and remittances, the remaining net amounts realized by the Company should, in the aggregate, exceed the total amount paid to the Insured in claim settlement, the Company will remit to the Insured the excess and all net amounts thereafter realized, less:

- (1) The Company's share of interest paid upon an assigned account;
- (2) The Company's share of interest and dividends paid on securities;
- (3) Any amount owing to the Company.

The Company will then, upon the written request of the Insured, reassign all claims assigned to the Company in such claims settlement.

Any interest of the Insured in any security acquired by the Company in relation to any claim assigned to it will be evidenced, whenever possible, by a separate instrument and delivered to the Insured. If not so evidenced and any amount is realized in connection with such security, remittance will be made less all charges and expenses to the Insured in proportion to its interest in the proceeds.

R. Termination and Cancellation

- (1) If, during the Policy period, the Insured shall cease to continue the business described in the Declarations, go into liquidation, seek to reorganize, seek a general extension from creditors, or dissolve a partnership, then this Policy shall terminate as to coverage on DELIVERIES made thereafter unless otherwise agreed to in writing by the Company.

If this Policy is cancelled for any of the above reasons the Company shall retain the greater of the following:

- (a) The pro rata portion of the Deposit Premium; or
- (b) The total INVOICE PRICE of goods or services sold and DELIVERED to BUYERS during the time the Policy is in effect multiplied by the Premium Rate(s) specified in the Declarations.

- (2) This Policy may be cancelled by the Insured by mailing to the Company written notice stating when thereafter the cancellation shall be effective.

If this Policy is cancelled by the Insured, the Company shall retain the greater of the following:

- (a) The short rate portion of the Deposit Premium; or
- (b) The total INVOICE PRICE of goods or services sold and DELIVERED to BUYERS during the time the Policy is in effect multiplied by the Premium Rate(s) specified in the Declarations.

- (3) This Policy may be cancelled by the Company for the failure of the Insured to pay the Premium. The Company shall provide the Insured with ten (10) days advance written notice of cancellation. If this Policy is cancelled for nonpayment of Premium, the Company shall retain the short rate portion of the Deposit Premium.

- (4) This Policy may be cancelled by the Company at its anniversary date. The Company shall provide the Insured with no less than thirty (30) days advance written notice, but, notice will be consistent with requirements imposed by law. Written notice to the Insured shall be by certified mail.

If the Company's right to cancel is prohibited or made void by any law, the right to cancel shall be deemed to be amended so as to be consistent with such law.

If this Policy is terminated or cancelled by the Insured for any reason, or by the Company for reason of nonpayment of the premium, coverage under this Policy shall not apply to any Insolvency which occurs after the date of termination or cancellation.

- S. Change of Coverage Limits** The Company may change any Approved Limit, Discretionary Limit or all Limits in a specific country granted by the Policy by written notice (including facsimile or telefax) to the Insured. Changes are effective as of the date of receipt of notification; however, DELIVERIES previously made to a BUYER are not affected.
- If any BUYER becomes INSOLVENT, coverage shall automatically cancel relative to such BUYER for DELIVERIES made after the date of INSOLVENCY.
- In the event that the Insured enters into any FACTORING agreement on any BUYER covered by the Policy, the coverage shall automatically terminate as to such BUYER for DELIVERIES made after the date of the FACTORING agreement.
- T. No-Accumulation of Liability** The maximum aggregate liability of the Company for LOSS relative to a BUYER shall be the amount shown for the BUYER on the applicable endorsement or the amount of coverage afforded within their Discretionary Limit, if applicable, less the deductible or coinsurance. Multiple DELIVERIES to a BUYER shall be treated as a single LOSS.
- The maximum Limit of Liability of the Company for all LOSSES and expenses incurred in any Policy period will be limited to the amount stated in the Declarations, or by endorsement, if applicable.
- U. Automatic Renewal** Each Policy period shall be automatically followed by a new Policy period of twelve (12) months, unless notice is given pursuant to Section Two, Condition R.
- V. Action Against Company** No suit or action shall be brought against the Company until after full compliance by the Insured with Policy terms and conditions, nor unless commenced within twelve (12) months from the filing of the Notification of Claim. If the said limitation of time for the commencement of suit be prohibited by any specific statutory provision, the said limitation is hereby amended to conform to the minimum period of limitation permitted by said statutory provision. Any suit or action against the Company must be instituted in the United States of America.
- W. Policy Not Assignable** This Policy is intended for the sole benefit of the Insured and no other persons, firms, partnerships, corporations, or other entities shall have or acquire any rights hereunder without prior written approval of the Company.

Section Three: Definitions

- A. INVOICE PRICE** Means the total price of goods or services as specified on the invoice, excluding interest, finance or service charges.
- B. DELIVERY** Means receipt and acceptance of goods or services by a BUYER in accordance with the Covered Terms of Sale stated in the Declarations.
- Means with regard to goods sold outside the United States of America, the goods have crossed the border of the country in which they were located at the time they were sold or where they were manufactured, or are in transport to the address given by the BUYER and the Insured has irrevocably relinquished control of the goods.

Means with regard to services performed outside the United States of America, that the Insured has fulfilled all obligations to a BUYER under all or part of the contract for which payment has been agreed and is due.

C. BUYER

Means any purchaser of Insured's goods or services who is approved for coverage within this Policy or for which coverage is afforded in accordance with a Discretionary Limit, if applicable. The BUYER'S name as stated in the applicable endorsement is construed as the legal name of such BUYER. If a BUYER should use a division, style, or trade name in the conduct of its business, or have a branch location, DELIVERIES made to the BUYER under such other names or branch locations shall be construed as having been made to the BUYER. It is the Insured's duty to verify that credit limits are established on the correct entity.

D. INSOLVENCY

INSOLVENCY occurs when:

- (1) A judgment against the BUYER cannot be satisfied;
- (2) A BUYER who is a sole proprietor absconds, is adjudged mentally incompetent by a court of law, or dies;
- (3) Possession is taken of a BUYER'S assets under an assignment or a deed of trust executed by a BUYER for the benefit of its creditors;
- (4) The business assets of a BUYER are sold to satisfy a tax lien;
- (5) A proceeding for the relief of a BUYER is instituted in a court of bankruptcy according to the legal system in the BUYER'S country;
- (6) A BUYER transfers or sells its stock in trade in bulk;
- (7) Possession is taken under a security agreement or other instrument having like effect given by a BUYER on its stock in trade, equipment or accounts receivable;
- (8) A receiver is appointed for a BUYER;
- (9) A BUYER'S assets are assigned to or taken over by a committee for the sole purpose of liquidation;
- (10) A BUYER or third party on its behalf makes a general offer of compromise in writing to all creditors for less than its indebtedness;
- (11) A general meeting of unsecured creditors is called by or on behalf of the BUYER, with the date of the first meeting constituting the date of INSOLVENCY;
- (12) A receiver or manager, as defined in the Canadian Bankruptcy and Insolvency Act, is appointed for a BUYER;
- (13) A BUYER files an assignment or makes a proposal to creditors under the Canadian Bankruptcy and Insolvency Act or the Companies Creditors' Arrangement Act or other legislation allowing for the compromise or deferral of creditor's claims. The date of the filing or the date the proceedings are commenced constitutes the date of INSOLVENCY;
- (14) A receiving order or equivalent certificate is made against the BUYER under the Canadian Bankruptcy and Insolvency Act, the date of the receiving order or equivalent certificate constitutes the date of INSOLVENCY;
- (15) A BUYER'S assets are sold under the Canadian Bank Act, or a Winding Up Act under the Winding Up Act of Canada is made against a BUYER.

E. LOSS

Means the unpaid and undisputed INVOICE PRICE, in part or in full, of sales of goods or services, by the Insured, delivered to the BUYER, as of the date of INSOLVENCY.

For BUYERS outside the United States of America the Company will, subject to the terms and conditions of this Policy, reimburse the Insured the pro rata share of irrecoverable costs of legal proceedings, arbitration or collection agencies paid by the Insured in pursuit of insured amounts made with the prior approval of the Company.

F. FACTORING

Means the sales of account(s) receivable by the Insured to a third party who takes assignment of the account(s) receivable on a recourse or nonrecourse basis.

Section Four:

Exclusions

Coverage under this Policy shall not apply:

- (1) If the direct cause of the INSOLVENCY is due to any act of war, declared or undeclared, and any action taken in resisting such act;
- (2) To sales to governmental institutions or bodies, or political subdivisions thereof;
- (3) To direct retail sales of goods or services to noncommercial consumers;
- (4) To sales to subsidiaries or affiliates of the Insured;
- (5) To direct and indirect LOSSES resulting from nuclear reaction, nuclear fission, nuclear fusion, contamination or radioactivity;
- (6) To amounts derived from increases in the invoice or contract price, arising after the original due date (i.e. interest, penalties, additional costs) even if they are directly resulting from the contract with the BUYER;
- (7) To DELIVERIES to a BUYER outside the United States of America if Imminent Loss has occurred. Imminent Loss shall be deemed to have occurred when:
 - (a) An invoice has not been paid sixty (60) days after the original due date;
 - (b) The BUYER has requested an amendment to the payment terms or an extension of payment;
 - (c) The BUYER requests termination or interruption of the contract;
 - (d) The Insured is aware of facts which would cause a prudent person to know that one of the following events has occurred:
 - A bankruptcy petition has been filed by or against the BUYER;
 - The BUYER has applied for or has been granted a relief of payment by a court;
 - The BUYER or third party on its behalf has made a general offer of compromise in writing to creditors for less than its indebtedness;
 - A judgment has been executed against the BUYER and remains unsatisfied;
 - A distraint or seizure has been levied on the BUYER;
 - The BUYER has failed to take DELIVERY of goods or relevant documents of title within sixty (60) days of presentation;
 - A check or draft issued by the BUYER has been dishonored due to insufficient funds.
- (8) To DELIVERIES to BUYERS with whom the Insured has a relationship other than that of seller and purchaser unless otherwise agreed to in writing by the Company;
- (9) To LOSSES that directly or indirectly result from any political risk, transfer risk, natural disaster or epidemic;
- (10) To any purchaser of the Insured's goods or services with respect to whom the Company has issued an approved limit of zero.

IN WITNESS WHEREOF the Company has caused this Policy to be signed by its President and Secretary, but this Policy shall not be valid unless completed by the attachment hereto of a Declarations Page countersigned by a duly authorized representative of the Company.

Attest:

Secretary

By:

President



Atradius Trade Credit Insurance, Inc.

5026 Campbell Blvd., Ste. C

Baltimore, MD 21236

USA

Tel. +1 (800) 423-6624

Fax +1 (410) 246-5532

www.atradius.us

info.us@atradius.com