

Trade Credit Insurance Top Up Scheme (TCITS) Endorsement Wording

1. Definitions

- 1.1 Words in italics in this *TCITS Endorsement Wording* defined in your *Policy* have the same meaning as in your *Policy*. Words in italics in this *TCITS Endorsement Wording* not defined in your *Policy* have the following meanings:
- 1.1.1 *Additional TCITS Cover* means further *TCITS Cover* that you may request pursuant to clause 9.1.
- 1.1.2 *Application Form* means a standard *TCITS Scheme* application form available on our website or on request from us, by which you may apply for *TCITS Cover* or *Additional TCITS Cover*.
- 1.1.3 *Baseline Limit* means the highest *TCITS Buyer Standard Limit* applying for a consecutive period of 30 days between 2nd September 2008 and the *First Reduction Date*.
- 1.1.4 *Cancelled Limit* means the *TCITS Buyer Standard Limit* applying immediately after the *Effective Date* of a *Limit Cancellation Notice*.
- 1.1.5 *BIS* means the Department for Business, Innovation and Skills of the *UK Government*.
- 1.1.6 *Crystallised Debt* means the total value of indebtedness of the *TCITS Buyer* to you on the *First Reduction Date* or the *Subsequent Reduction Date*, ignoring any additional indebtedness arising after that date.
- 1.1.7 *Current Policy Period* means the period of cover under your *Policy* in force on the *First Reduction Date*.
- 1.1.8 *Effective Date* means the date on which a *Limit Change Notice* takes effect.
- 1.1.9 *First Increased Limit* means the *TCITS Buyer Standard Limit* applying immediately after the *Effective Date* of the *First Limit Increase Notice*.
- 1.1.10 *First Limit Increase Notice* means the first *Limit Change Notice* issued to you after the *First Reduction Date*, that increases the *TCITS Buyer Standard Limit*.
- 1.1.11 *First Limit Reduction Notice* means the *Limit Change Notice* with an *Effective Date* after 1st October 2008, issued to you at our instigation, that reduces the *TCITS Buyer Standard Limit* from the *Baseline Limit* to the *First Reduced Limit*, as a result of which you have made an initial application for *TCITS Cover*.
- 1.1.12 *First Reduced Limit* means the *TCITS Buyer Standard Limit* applying immediately after the *First Reduction Date*.
- 1.1.13 *First Reduction Date* means the *Effective Date* of the *First Limit Reduction Notice*.
- 1.1.14 *Limit Cancellation Date* means the *Effective Date* of a *Limit Cancellation Notice*.
- 1.1.15 *Limit Cancellation Notice* means a *Limit Change Notice* that reduces the *TCITS Buyer Standard Limit* to zero.
- 1.1.16 *Limit Change Notice* means a credit limit endorsement or other notice issued by us to you, that amends the *TCITS Buyer Standard Limit*.

- 1.1.17 *Limit Reinstatement Notice* means a *First Limit Increase Notice* or *Subsequent Limit Increase Notice* that increases a *Cancelled Limit* to a value greater than zero and less than the *Pre-Cancellation Limit*.
- 1.1.18 *Non-TCITS Cover* means credit insurance cover applying under and subject to the terms of your *Policy*, excluding any *TCITS Cover*.
- 1.1.19 *Pre-Cancellation Limit* means the highest *TCITS Buyer Standard Limit* applying for a consecutive period of 30 days between 2nd September 2008 and the *Limit Cancellation Date*.
- 1.1.20 *Reinstated Limit* means the *TCITS Buyer Standard Limit* applying immediately after the *Effective Date* of a *Limit Reinstatement Notice*.
- 1.1.21 *Pre-Despatch Cover* means cover under your *Policy* for the value of *Work in Progress*.
- 1.1.22 *Qualifying Contract* means a *Contract* or *Construction Contract* between you and the *TCITS Buyer* that contains terms of payment no greater than 120 days from the date of *Despatch* of goods or provision of services.
- 1.1.23 *Qualifying Supply* or *Qualifying Supplies* means (i) the *Despatch* and receipt of goods and/or the provision of services by you to the *TCITS Buyer* that occurs entirely within the *UK* pursuant to a *Qualifying Contract* or (ii) (if both you and the *TCITS Buyer* are registered to pay Value Added Tax in the *UK*) the despatch by you of goods outside the *UK* and the collection of those goods by the *TCITS Buyer* from a place within the *UK* pursuant to a *Qualifying Contract*.
- 1.1.24 *Subsequent Limit Reduction Notice* means a *Limit Change Notice* issued to you at our instigation after the *First Reduction Date*, that reduces the *TCITS Buyer Standard Limit*.
- 1.1.25 *Subsequent Limit Increase Notice* means a *Limit Change Notice* issued to you after the *Effective Date* of the *First Limit Increase Notice* that increases the *TCITS Buyer Standard Limit*.
- 1.1.26 *Subsequent Reduction Date* means the *Effective Date* of a *Subsequent Limit Reduction Notice*.
- 1.1.27 *Subsequently Increased Limit* means the *TCITS Buyer Standard Limit* applying immediately after the *Effective Date* of a *Subsequent Limit Increase Notice*.
- 1.1.28 *Subsequently Reduced Limit* means the *TCITS Buyer Standard Limit* applying immediately after the *Effective Date* of a *Subsequent Limit Reduction Notice*.
- 1.1.29 *TCITS Buyer* means the *Insured Buyer* specified in the *TCITS Schedule*, in respect of whom you have purchased *TCITS Cover*.
- 1.1.30 *TCITS Buyer Standard Limit* means the *Approved Limit* applying under your *Policy* in respect of the *TCITS Buyer*, ignoring any applicable *TCITS Cover*.
- 1.1.31 *TCITS Buyer Topped-Up Limit* means the *Approved Limit* applying under your *Policy* in respect of the *TCITS Buyer*, including any applicable *TCITS Cover*.
- 1.1.32 *TCITS Cover* means the additional credit insurance cover provided under and subject to the terms of your *TCITS Endorsement*, including where applicable *Additional TCITS Cover*.
- 1.1.33 *TCITS Cover Amount* means the amount of the *TCITS Cover* that you have purchased as set out in your *TCITS Schedule* or as varied in accordance with the terms of your *TCITS Endorsement*.
- 1.1.34 *TCITS Cover Expiry Date* means the date six calendar months after the *TCITS Cover Start Date*.

- 1.1.35 *TCITS Cover Start Date* means (i) where we receive your *Application Form* within 28 days of the *First Reduction Date* or *Subsequent Reduction Date*, the *First Reduction Date* or *Subsequent Reduction Date* or such later date as you may choose or (ii) where we receive your *Application Form* more than 28 days after the *First Reduction Date* or *Subsequent Reduction Date*, the date of receipt of your *Application Form* or such later date as you may choose, provided that under no circumstances can the *TCITS Cover Start Date* ever be later than 31st December 2009.
- 1.1.36 *TCITS Endorsement* means this *TCITS Endorsement Wording* and your *TCITS Schedule* together.
- 1.1.37 *TCITS Endorsement Wording* means this endorsement wording.
- 1.1.38 *TCITS Period* means the period from the *TCITS Cover Start Date* until the *TCITS Cover Expiry Date* or earlier termination of your *TCITS Cover*.
- 1.1.39 *TCITS Schedule* means the schedule issued to you containing certain details of your *TCITS Cover*.
- 1.1.40 *TCITS Scheme* means the Trade Credit Insurance Top-Up Scheme promoted by *BIS*.
- 1.1.41 *UK* means the United Kingdom of Great Britain and Northern Ireland, and excludes the Channel Islands and the Isle of Man.
- 1.1.42 *Whole Turnover Sterling Risks Attaching Policy* means a credit insurance policy denominated in Sterling under which potential cover is not restricted to one or several specified transactions or *Insured Buyers*, and is determined by reference to the date of *Despatch* of goods and/or provision of services by you.

2. Eligibility Criteria for TCITS Cover

- 2.1 In order for *TCITS Cover* or *Additional TCITS Cover* to be effective, the following conditions must apply on the date that you complete your *Application Form* and when we issue to you a *TCITS Schedule* in respect of your *TCITS Cover* or *Additional TCITS Cover*:
- 2.1.1 Your *Policy* must be a *Whole Turnover Sterling Risks Attaching Policy*.
 - 2.1.2 You must have held a *TCITS Buyer Standard Limit* for an amount greater than zero or your *Discretionary Limit* for at least 30 consecutive days immediately before the *First Reduction Date*.
 - 2.1.3 We must have issued a *First Limit Reduction Notice* with an *Effective Date* after 1st October 2008.
 - 2.1.4 You cannot apply for *TCITS Cover* or *Additional TCITS Cover* where the relevant *First Limit Reduction Notice* or *Subsequent Limit Reduction Notice* was issued as a result of your request for a reduction in the *TCITS Buyer Standard Limit*.
 - 2.1.5 Where you apply for *Additional TCITS Cover*, the *Subsequently Reduced Limit* must be for a value greater than zero or your *Discretionary Limit*.
 - 2.1.6 We must have received from you a fully completed and accurate *Application Form* before 28th January 2010.
 - 2.1.7 You must not be in unremedied material breach of any contract with the *TCITS Buyer*.
- 2.2 Should any of the conditions set out in clauses 2.1.1 – 2.1.7 not apply, your *TCITS Cover* or *Additional TCITS Cover* will be void from inception.

3. Amount of TCITS Cover

- 3.1 The *TCITS Cover Amount* is limited to the *Insured Percentage* of the lesser of:
- 3.1.1 the amount of the *First Reduced Limit* (or *Subsequently Reduced Limit*); or
 - 3.1.2 the difference between the *Baseline Limit* and the *First Reduced Limit* (or *Subsequently Reduced Limit*); or
 - 3.1.3 the amount of the *First Increased Limit* (or *Subsequently Increased Limit*); or
 - 3.1.4 the difference between the *Baseline Limit* and the *First Increased Limit* (or *Subsequently Increased Limit*); or
 - 3.1.5 £2 million.

4. Scope and Effect of TCITS Cover

- 4.1 *TCITS Cover* increases the *Approved Limit* applying under your *Policy* from the *TCITS Buyer Standard Limit* to the *TCITS Buyer Topped-Up Limit* for *Insured Debts* arising in respect of *Qualifying Supplies* made during the *TCITS Period*, subject to all the terms of your *TCITS Endorsement*.
- 4.2 *TCITS Cover* includes *Pre-Despatch Cover* only in respect of *Work in Progress* arising under *Qualifying Contracts* that require *Despatch* of bespoke or custom-made goods and/or provision of bespoke or custom-made services within 120 days or less of the date of the relevant *Qualifying Contract* (or such shorter period as your *Policy* may provide). *TCITS Cover* will not apply in the event of a *Pre-Despatch Loss*.
- 4.3 Save as amended by clauses 4.1 and 4.2, all the terms and conditions of your *Policy* remain in full force and effect during the *TCITS Period* and are unaffected by the existence of *TCITS Cover*. In particular (but without limitation):
- 4.4 the *Insured Percentage* continues to apply under your *Policy* and to your *TCITS Cover*.
- 4.4.1 where the *Crystallised Debt* on the *First Reduction Date* exceeds the amount of the *TCITS Buyer Topped-Up Limit*, *TCITS Cover* will apply only to *Insured Debts* arising in respect of further *Qualifying Supplies* made after the date on which the *Crystallised Debt* has been reduced, by payments received from the *TCITS Buyer*, to a value below the amount of the *TCITS Buyer Topped-Up Limit*; and
- 4.4.2 where the *Crystallised Debt* on the *First Reduction Date* exceeds the amount of the *First Reduced Limit*, *Non-TCITS Cover* will apply only to *Insured Debts* arising in respect of further *Qualifying Supplies* made after the date on which the *Crystallised Debt* has been reduced, by payments received from the *TCITS Buyer*, to a value below the amount of the *First Reduced Limit*; and
- 4.4.3 where you apply for *Additional TCITS Cover* following issue of a *Subsequent Limit Reduction Notice*:
- 4.4.3.1 *Additional TCITS Cover* will apply only after the date on which the *Crystallised Debt* on the *Effective Date* of the relevant *Subsequent Limit Reduction Notice* has been reduced, by payments received from the *TCITS Buyer*, to a value below the amount of the *TCITS Buyer Topped-up Limit*; and
- 4.4.3.2 *Non-TCITS Cover* will apply only after the date on which the *Crystallised Debt* on the *Effective Date* of the relevant *Subsequent Limit Reduction Notice* has been reduced, by payments received from the *TCITS Buyer*, to a value below the amount of the *Subsequently Reduced Limit*;
- 4.4.4 all deductibles, excess amounts and limits of liability contained in your *Policy* will continue to apply in respect of claims up to the amount of the *TCITS Buyer Standard Limit* (but will not apply in respect of claims above the amount of the *TCITS Buyer Standard Limit* up to the amount of the *TCITS Buyer Topped-Up Limit*).
- 4.5 *TCITS Cover* will not apply to *Insured Debts* arising in respect of *Qualifying Supplies* made after the date of expiry, cancellation or termination of your *TCITS Cover* or your *Policy*.

5. Cancellation and Reinstatement of TCITS Buyer Standard Limit

- 5.1 If you receive a *Limit Cancellation Notice* and you subsequently receive a *Limit Reinstatement Notice*, you may apply for *TCITS Cover* (subject to all the other terms of this *TCITS Endorsement*) as if the *Pre-Cancellation Limit* were the *Baseline Limit*, the *Reinstated Limit* were the *First Reduced Limit*, and the *Effective Date* of the *Cancellation Notice* were the *First Reduction Date*.

6. Cancellation, Termination or Variation of TCITS Cover by Notice

- 6.1 If *BIS* informs us that it intends to cancel, terminate or amend the *TCITS Scheme*, or its arrangements with us enabling us to provide *TCITS Cover*:
- 6.1.1 We may cancel or terminate your *TCITS Cover* with immediate effect by notice to you in writing. *TCITS Cover* will not apply to *Insured Debts* arising in respect *Qualifying Supplies* made after the date of issue of such notice.
- 6.1.2 We may vary the terms of your *TCITS Cover* with immediate effect by notice to you in writing. Such amended terms will apply to *Insured Debts* arising in respect of *Qualifying Supplies* made after the date of issue of such notice.

7. Automatic Termination or Reduction of TCITS Cover on Limit Increase

- 7.1 Where we issue to you during your *TCITS Period* a *First Limit Increase Notice* or *Subsequent Limit Increase Notice* that increases the *TCITS Buyer Standard Limit* to an amount equal to or greater than the *Baseline Limit*, your *TCITS Cover* will automatically cease to apply to *Insured Debts* arising in respect *Qualifying Supplies* made after the *Effective Date* of the relevant *First Limit Increase Notice* or *Subsequent Limit Increase Notice*.
- 7.2 Where we issue to you during your *TCITS Period* a *First Limit Increase Notice* or *Subsequent Limit Increase Notice* that does not increase the *TCITS Buyer Standard Limit* to an amount equal to or greater than the *Baseline Limit*, the amount of your *TCITS Cover* will automatically decrease if necessary so that it does not exceed the difference between the *First Increased Limit* or *Subsequently Increased Limit* and the *Baseline Limit*, in respect of *Insured Debts* arising from *Qualifying Supplies* made after the date of the relevant *First Limit Increase Notice* or *Subsequent Limit Increase Notice*.

8. Automatic Termination or Reduction of TCITS Cover on Limit Decrease

- 8.1 Where we issue to you during your *TCITS Period* a *Subsequent Limit Reduction Notice* that reduces the *TCITS Buyer Standard Limit* to zero or your *Discretionary Limit*, your *TCITS Cover* will automatically cease to apply to *Insured Debts* arising in respect of *Qualifying Supplies* made after the *Effective Date* of that *Subsequent Limit Reduction Notice*.
- 8.2 Where we issue to you during your *TCITS Period* a *Subsequent Limit Reduction Notice* that reduces the *TCITS Buyer Standard Limit* to an amount greater than zero or your *Discretionary Limit*, your *TCITS Cover Amount* will automatically decrease if necessary so that it does not exceed the amount of your *Subsequently Reduced Limit* in respect of *Insured Debts* arising from *Qualifying Supplies* made after the date of the relevant *Subsequent Limit Reduction Notice*.

9. Additional TCITS Cover Following Limit Decrease

- 9.1 Where we issue to you during your *TCITS Period* a *Subsequent Limit Reduction Notice* that reduces the *TCITS Buyer Standard Limit* to an amount greater than zero or your *Discretionary Limit*, you may apply on our *Application Form* for *Additional TCITS Cover*, subject to the following provisos:
- 9.1.1 the *TCITS Cover Amount* can never exceed the amount of the *Subsequently Reduced Limit* or £2 million (whichever is the lower); and
- 9.1.2 the *TCITS Buyer Topped-Up Limit* can never exceed the *Baseline Limit*; and
- 9.1.3 *Additional TCITS Cover* will apply to *Insured Debts* arising from *Qualifying Supplies* made after the date of the relevant *Subsequent Limit Reduction Notice* and cannot extend beyond your *TCITS Cover Expiry Date*.

10. Additional Premium for Additional TCITS Cover

10.1 Where you apply for *Additional TCITS Cover* in accordance with clause 9.1, you must pay us additional pro rata premium and Insurance Premium Tax (IPT) calculated as follows as at the *Effective Date* of the relevant *Subsequent Limit Reduction Notice*:

$$(1\% \times \text{amount of } \textit{Additional TCITS Cover}) \times \frac{\text{number of remaining days in } \textit{TCITS Period} \text{ (plus IPT)}}{180 \text{ days}}$$

10.2 In addition to the amount calculated in accordance with clause 10.1, you must pay us a fixed, non-refundable administration fee of 0.3% of the amount of *Additional TCITS Cover*, or £60, whichever is the greater.

11. Premium Refunds on Automatic Termination of TCITS Cover

11.1 Where *TCITS Cover* automatically terminates in accordance with clause 7.1 or 8.1 more than three calendar months before your *TCITS Cover Expiry Date*, we will refund to you one third of the total premium (excluding the administration fee) paid by you in respect of your *TCITS Cover*.

12. Premium Refunds on Automatic Reduction of TCITS Cover

12.1 Where your *TCITS Cover* automatically decreases in accordance with clause 7.2 or 8.2 more than three calendar months before your *TCITS Cover Expiry Date*, we will refund to you a pro rata amount of premium (excluding the administration fee) calculated as follows:

$$\text{Difference between } \textit{TCITS Cover Amount} \text{ applying before and after decrease} \times 1\% \times 0.33334.$$

13. Payment and Offset by Us of Premium Refunds

13.1 Subject to clause 13.2, any refund of premium due to you in accordance with clause 11.1 or 11.1 will be paid to you after your *TCITS Cover Expiry Date* or on earlier termination of your *TCITS Cover*.

13.2 Where you apply for *Additional TCITS Cover* in accordance with clause 9.1, any premium refund due to you in accordance with clause 12.1 will be offset against additional premium due from you in accordance with clause 10.1, and you will only be required to pay the balance.

14. Payment by You of Premium, Fees and Tax

14.1 You must pay us the full amount of premium, administration fees and Insurance Premium Tax due in respect of your *TCITS Cover* within 14 days of your acceptance of our offer of *TCITS Cover*. Should you not do so, your *TCITS Cover* will be void from inception.

14.2 You must pay us the full net amount of additional premium, administration fees and Insurance Premium Tax due in respect of *Additional TCITS Cover* in accordance with clauses 9.1 and 13.2 within 14 days of your acceptance of our offer of *Additional TCITS Cover*. Should you not do so, your *Additional TCITS Cover* will be void from inception.

15. Renewals

15.1 If your *TCITS Cover Expiry Date* falls after the date of expiry of your *Current Policy Period*:

15.1.1 and you continue your *Policy*, this *TCITS Endorsement* will attach to your new policy period until expiry of your *TCITS Period*;

15.1.2 and you take out a replacement policy with another insurer participating in the *TCITS Scheme*, you may request that this *TCITS Endorsement* attach to your replacement policy until expiry of your *TCITS Period*.

15.2 Where clause 15.1 applies, any difference in the *TCITS Buyer Standard Limit* available under your *Current Policy Period* and your new policy period or replacement policy, will count for the purposes of your *TCITS Endorsement* as a *Limit Change Notice* with an *Effective Date* on the inception date of your new policy period or replacement policy.

16. Effect on Your Policy

16.1 Your *TCITS Endorsement* attaches to and forms part of your *Policy* with effect from the *First Reduction Date* until expiry of your *TCITS Period* or earlier termination. Except as expressly varied by your *TCITS Endorsement*, all the terms, conditions and exclusions of your *Policy* remain in full force and effect.

17. Governing Law and Jurisdiction

17.1 This *TCITS Endorsement* shall be governed by and construed in accordance with the rules of law that govern your *Policy*. Any dispute arising under or in connection with this *TCITS Endorsement* will be subject to the jurisdiction and/or arbitration and/or other dispute resolution provisions of your *Policy*.

18. TCITS Scheme Guide

18.1 For further information and practical examples of how the *TCITS Scheme* works, please refer to the *TCITS Scheme Guide* available on our website or on request from us.