

**Mantvydas Štareika**  
Director

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**Compagnie Francaise d'Assurance pour le Commerce Exterieur  
(COFACE) Baltics filialas**

### On clarification of Adverse information

Thank you for the COFACE letter of 23.03.2020 on the notice of changing the terms about overdue notification and collection with regards to the effect of coronavirus on the domestic and international trade.

Due to supply chain interruption and various restrictions introduced by countries, the number of buyer requests to delay payments may grow. Our customers will evaluate each buyer request to postpone payments separately and taking in consideration available information for risk assessment.

Our aim is to assure that our clients has a valid insurance cover. Therefore, we ask you to clarify definition and usage of **Adverse information** clause as provided in the *Tradeline - commercial- T/O CIT-W-RC1-ST1 (V4)* General Terms and Conditions (hereinafter the Rules).

The Rules provide:

#### 15 – Definitions

Adverse Information: any event You may become aware of and which could indicate that the Buyer may not be able to pay the Debt, such as but not limited to Insolvency of the Buyer or of an Associated Company of the Buyer, cash flow difficulties or reputation deterioration of the Buyer, substantial change or termination of your exclusive or long-lasting business relationship with the Buyer, legal action against the Buyer.

#### 1.2 Exclusion of cover

##### 1.2.1 Excluded Debts

- c) Our cover shall not apply to Debts arising from Deliveries:  
iii) made with a Buyer for whom You have or should have notified us Adverse Information, or

#### 2.1 Diligence and prevention

You shall exercise due care in granting credit to your Buyers, with regard to both the amount and the period of credit, and shall manage all business which is covered under this Contract with at least the same diligence and prudence as You would reasonably be expected to exercise were You not insured. You shall also use all reasonable endeavours to preserve your rights against both your Buyers and any third parties.

#### 2.2 Management of the credit period

The initial credit period You grant to your Buyers shall not exceed the maximum credit period. You may grant one or more extension periods, provided that the total duration of the credit period does not exceed the maximum credit period.

You shall obtain our agreement before You extend the credit period:

- i) if the extended credit period falls outside the maximum credit period,
- ii) for a Buyer in Default, or
- iii) for a Buyer in respect of whom We notified a Cancellation.

#### 2.3 Notification of Adverse Information

You shall notify Us as soon as and in any case no later than 10 days after You become aware of any Adverse information concerning a Buyer.

## 2.4 Credit Decisions

c) Notification and duration of our Credit Decision Upon your request for a Credit Decision, We shall notify You either a Positive Credit Decision or a Refusal.

Our Credit Decisions shall take effect as follows:

- in case of a new Positive Credit Decision other than a Reduction (including the case of a Positive Credit Decision which increases the amount of a previous Positive Credit Decision), such new Positive Credit Decision shall take effect retroactively 60 days before its notice, provided that at the date of your request You have no Overdue Account exceeding 60 days from the Due Date or Adverse information. Such new Positive Credit decision shall replace any Credit decision in force during the retroactive period and may not be cumulated with any prior Credit Decision.

Please answer the following questions as soon as possible:

1. Please confirm that extension of payment terms as per paragraph 2.2 of the Rules by default is not considered an **Adverse information**. Policyholders comply with diligence and prevention conditions set in p. 2.1 of the Rules. P. 2.2 of the Rules lists all cases when the preliminary approval of the Insurer must be obtained. The Policyholder is not obliged to report to Insurer each such change or Buyer's request to extend payment terms, if this is not foreseen in p. 2.2 of the Rules.

2. Please answer whether the written notice of the **Buyer** about payment **suspension or postponement** due to restrictions of the company's operations in the Buyer's country is considered **Adverse information**.

3. Please answer whether, in the case referred to in p. 2 of this document, when the Policyholder receives a written notice from the Buyer recalling previous notice about payment **suspension or postponement**, the possible fact of **Adverse information**, which according to the Rules would stop insurance cover for further deliveries, will also be recalled.

4. Please confirm that the Policyholder notification of the Buyer's intention to postpone and stop the payments according to p. 2.1 of the Rules, is not automatically considered **Adverse information**. The insurance coverage for new deliveries **will remain valid until the credit limit is not withdrawn** for such Buyer. In the case of Discretionary Credit Limits, such credit limit is no longer applicable if Insurer suspend insurance cover for such buyer.

5. Please confirm that the cases when the Policyholder has not received a written notice from the Buyer are not considered **Adverse information** even if this information has been published in the media.

We are looking forward to your official response.

Your sincerely,

**Audrius Rosinas**

Managing director  
Kreditų draudimo brokeris / ICBA Baltic