

**PRODUCT DISCLOSURE SHEET (PDS)**

(Read this Product Disclosure Sheet before you decide to take out this Product. Be sure to also read the general terms and conditions of this Policy)

RHB Insurance Berhad

**Trade Credit Insurance**

Date :

**1) What is this product?**

Trade Credit Insurance is a product that covers the Insured/Seller against the risk of default by Buyers who are not able to make payment for goods sold and services rendered on credit. Unpaid debts may arise due to insolvency, payment default, or frustration of contract, natural disasters, political or economic risks as stipulated in the Policy. Upon submission of a proposal for coverage under this policy, the Insured is to provide a list of all Buyers which they conduct business with on credit terms or open account basis.

It is incumbent of the Insured/Seller to provide a total estimate of trade sold on credit with their Buyers over the next 12 months. The Insured also has to pay an Administration Fees of RM250 per Buyer or more, depending on the location of risk. Each buyer will then be assigned a Credit Limit of how much we are willing to cover over the next 12 months of the policy period. These buyers are termed "Approved Buyers". We will inform the Insured on which Buyers that are *not* covered.

This product was developed specifically for traders/manufacturers in the domestic and export market.

**2) What are the covers/benefits provided?**

**Description of Benefit:**

The Policy will Indemnify the Insured (you) for non-payment for goods and services by a buyer, due to:

- a) **Insolvency**  
If the Insured buyer has been proven to be insolvent, the Company will indemnify the Insured up to the percentage of Invoice Value or Indemnity Value as provided in the Policy Schedule.
- b) **Default**
  - i) *Protracted Default*: The Company will indemnify the Insured should a buyer fail to make good or compensate the Insured for the value of goods dispatched to Insured's buyer(s), or any outstanding amount due to the Insured.
  - ii) *Default arising from Frustration of Contract*: The Company will indemnify the Insured for non-payment from the Insured's buyer arising from contract frustration as result of natural disasters, political or economic upheaval, but only to the extent stipulated in the Policy and Policy Schedule.

**Period of Insurance:** Duration of cover is for one (1) year. You will need to renew your insurance cover annually.

**Political Risks:** Available upon request and upon approval by RHB Insurance Berhad.

**3) How much premium do I have to pay?**

Premium calculations will depend largely upon the type of coverage sought (i.e. additional covers, endorsements or clauses), and underwriting considerations, the indemnity limit and other fundamental features of the credit risk analysis to be conducted including the buyer's trade, country of origin, global economic situation and geopolitical considerations.

**Basic rate calculations will involve the following** (Example of Premium Calculation will be as follows) :

- **Estimated of Export/Domestic Credit Trade Turnover X Premium Rate% + Loading for Additional Cover (if any) = Estimated Annual Premium Payable.**
- *Insured has to declare the Actual Export/Domestic Credit Trade Turnover at the end of every month. The actual Premium Payable will be re-adjusted once the actual turnover has exceeded the Estimated Annual Turnover declared during Policy Inception at any time during the Period of Insurance.*
- *Please note that a **Minimum Deposit Premium** must be paid at the inception of the policy. This Minimum Premium will represent a percentage of the Premium Payable based on the above calculation (typically, 60% to 80% depending on risk factors) and this Minimum Deposit Premium is **non-refundable** upon cancellation of the policy at any time after policy inception.*

**4) What are the fees and charges that I have to pay?**

Type	Amount
<ul style="list-style-type: none"> <li>• Administration Fees</li> <li>• Commission (if any)</li> <li>• Service Tax</li> <li>• Stamp Duty</li> <li>• Premium Payable</li> </ul>	<ul style="list-style-type: none"> <li>▪ RM 250 per buyer or more, depending on the location of risk. Actual fees for credit assessment services will be calculated at the end of the policy period and will be charged accordingly.</li> <li>▪ 10% of premium will be paid to Intermediary</li> <li>▪ 6%</li> <li>▪ RM10</li> <li>▪ Premium payable per terms and conditions discussed above.</li> </ul>

**5) What are some of the key terms and conditions that I should be aware of?**

**a. Importance of Disclosure (Statement Pursuant to Schedule 9 of the Financial Services Act 2013)**

Pursuant to Paragraph 5 of Schedule 9 of the Financial Services Act 2013, if you are applying for this Insurance wholly for purposes unrelated to your trade, business or profession, you have a duty to take reasonable care not to make a misrepresentation in answering the questions in the Proposal Form (or when you apply for this insurance). You must answer the questions fully and accurately.

Failure to take reasonable care in answering the questions may result in avoidance of your contract of insurance, refusal or reduction of your claim(s), change of terms or termination of your contract of insurance.

The above duty of disclosure shall continue until the time your contract of insurance is entered into, varied or renewed with us.

In addition to answering the questions in the Proposal Form (or when you apply for this insurance), you are required to disclose any other matter that you know to be relevant to our decision in accepting the risks and determining the rates and terms to be applied.

You also have a duty to tell us immediately if at any time after your contract of insurance has been entered into, varied or renewed with us any of the information given in the Proposal Form (or when you applied for this insurance) is inaccurate or has changed.

**b. Coverage Available**

This insurance provide coverage for Domestic Trade and Export

**c. Geographical Area**

Coverage is defined and restricted per buyer in their country of origin, unless otherwise stated in the Policy Schedule.

**d. Credit Limit**

A credit Limit means a credit limit assigned to every individual Buyer

**e. Maximum Liability Per Policy**

Maximum liability per Policy is determined according to overall Buyers' risk profile. For Example, the maximum limit per Policy can go up to 30 times of Annual Premium Paid.

**f. Premium Adjustment**

Insured is required to make an additional premium payment once the actual turnover has exceeded the estimated annual turnover declared at any time during the Policy period.

**g. Declaration of Export**

It is important for You to declare to us your Exports turnover to Us by the end of every month.

**h. Policyholders' Guide**

Further details of coverage, roles and responsibilities pertaining to monthly monitoring of credit trade with each buyer, including possible claims and formats for submission of information will be provided to Insured (you) after Policy Inception.

**6) What are the major exclusions under this policy?**

**The Major Exclusions under this Policy are as follows:**

1. Losses arising from the failure by you or your representatives to comply fully with any of the terms or conditions of your contract with your buyer.
2. Losses directly or indirectly caused by contamination arising from ionizing, radioactive, toxic, explosive or any other hazardous effects/properties of any explosive nuclear assembly, component, fuel, combustion or waste.
3. Losses arising from failure to comply with standard administrative requirements for the export of your goods.
4. Losses arising in connection with dispatch of goods, payment or other such activities to a third country, unless otherwise agreed with us in writing.
5. Losses arising directly or indirectly from war between any one of the following countries: China, France, the United Kingdom, the Russian Federation and the United States of America.
6. Losses arising due to:
  - a. any interest accruing after the due date of payment, or any exchange loss;
  - b. any penalties or damages, contractual or otherwise;
  - c. any costs pursuing payment where the buyer claims for any reason to be justified in withholding payment; and
  - d. any currency exchange rate fluctuations except those which might be covered in the Discharge of Debt cause of loss.

**Note:** The above list is not exhaustive. Please refer to policy documents for full details.

**7) Can I cancel my policy?**

You may cancel your policy by giving written notice to the insurance company. As noted above, the **Minimum Deposit Premium** is non-refundable. Premiums paid above and beyond the Minimum Deposit Premium will be refunded on a *pro-rata* basis provided that there has not been any claim(s) lodged prior to cancellation of the policy.

**8) What do I need to do if there are changes to my contact/ personal details?**

It is important that you inform us of any material changes to your risk and business profile that may influence an underwriter's assessment of your said risk. Such material information would be, for example, if there has been a change in your trade, change in management, occupancy and the like.

**9) Where can I get further information?**

Should you require additional information about Public Liability Insurance, please refer to our head office, branches or our insurance agent. If you have any enquiries, please contact us at:

**RHB INSURANCE BERHAD** (38000-U) is registered under the Financial Services Act 2013 and regulated by Bank Negara Malaysia.  
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No 1, Jalan 1/68F, Jalan Tun Razak  
55000 Kuala Lumpur  
Tel : 1300-220-007; Fax :03-2163 7277  
Website : [www.rhbgroup.com/insurance](http://www.rhbgroup.com/insurance)

**10) Other types of Trade Credit Insurance cover available**

Please ask your insurer / intermediary for other types of plans offered by the insurer.

**Important Note:**

- 1) All and any instances of trade with insured buyers must be reported immediately to Insurers.
- 2) Each buyer will be assigned a credit limit, which can be adjusted, and will be monitored in respect of invoices made good, and new invoices for new dispatches of goods/services.
- 3) Limits of liability will vary with each customer, or will vary on your entire turnover reported. This will result in percentages of your foreseeable debt (whether on entire turnover or on specific buyer) being indemnified, e.g. between 80% to 95% indemnity.

**The information provided in this disclosure sheet is valid from 01/09/2018**