

## Key Debtor Policy

### Trade Credit Insurance from Chubb

Chubb's Key Debtor Trade Credit Insurance policy provides you with a way to make more efficient use of your premium dollars by focusing credit insurance on your most important and largest exposures.

#### How the policy works

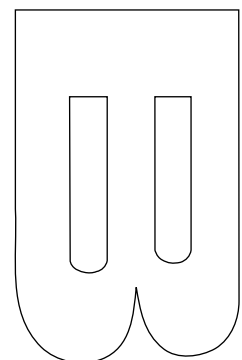
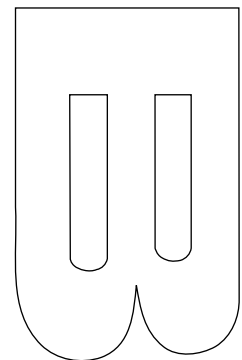
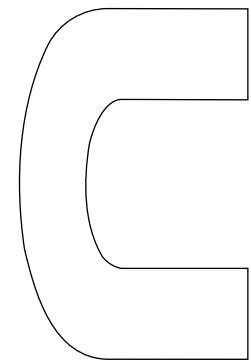
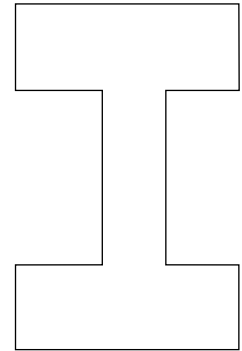
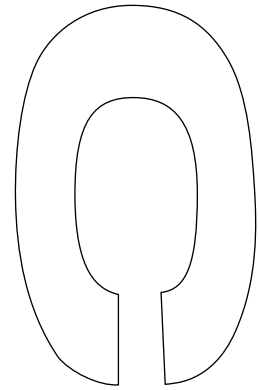
Our Key Debtor policy provides insurance protection for your accounts receivable from a limited number of debtors that maintain a sales volume or credit line exceeding a defined threshold and which are specifically named in the policy. This policy insures losses arising from nonpayment of trade obligations owed to you (the policyholder) by eligible debtors. Losses are insured up to a specific credit limit approved under the policy for eligible debtors, subject to co-insurance and any applicable exclusions (such as trade disputes). Insurance protection is available for domestic and/or export sales.

Chubb's Key Debtor policy is written for a period of one year for a policy with non-cancelable limits or up to two years for a policy with cancelable limits.

#### Policy limits

The Key Debtor policy has three limits of liability:

- The *Policy Limit* is the maximum amount of Chubb's liability under a policy, regardless of the number and amount of losses.
- The *Country Limit* is the maximum amount of Chubb's liability for that country under a policy, regardless of the number and amount of losses in that country.
- A *Named Credit Limit (NCL)* for each debtor will be established upon submission of an NCL application along with supporting credit and financial information on the debtor. Upon review of this material, Chubb issues an NCL endorsement based upon the credit-worthiness of each debtor. The NCL is established for a specified period of time and must be renewed upon expiration.



## Non-cancelable limits and cancelable limits available

Each NCL will specify the maximum payment term authorized for sales to the debtor. Generally, credit terms will reflect the terms granted by the policyholder to the debtor provided the terms are within the industry norm subject to a maximum — payment terms of up to 180 days are available for sales of noncapital equipment, and terms of up to 360 days are available for sales of capital equipment.

A Key Debtor policy may be written with either non-cancelable credit limits or cancelable credit limits.

### **Non-cancelable limits**

A non-cancelable feature may be important to companies that use credit insurance for financing purposes or those firms that are able to accurately forecast estimated annual sales and prefer the notion of such a feature. Transactions made to debtors that are more than 90 days past due or where the policyholder has knowledge of an imminent circumstance that could reasonably be expected to result in a loss are excluded.

Premium payments under the non-cancelable limits policy are calculated based upon sales to the eligible debtors, as follows:

- The estimated annual premium is determined by applying the policy premium rate to estimated annual sales and billing the policyholder at the inception of the policy for 70% of that estimated annual premium. This up-front premium will be considered a minimum premium. The minimum premium is never less than \$25,000.

The policyholder will report insured sales by country, generally on a quarterly basis, and, based on these reports, a year-end premium adjustment is calculated for any additional premium that may be due.

Under certain conditions, the policyholder may be eligible for a premium credit in the event that there are no claims.

### Cancelable limits

Companies that prefer not to pay a large portion of their estimated annual premium in advance may elect to have their policy issued under a “report-and-pay” format. Under this type of policy, credit limits are established for a specified time period, but the limits may be withdrawn or amended if Chubb determines that there has been a significant and serious change in the credit risk. Transactions made to debtors that are more than 90 days past due or where the policyholder has knowledge of an imminent circumstance that could reasonably be expected to result in a loss are excluded.

Premium payments under the cancelable limits policy are calculated based upon sales to the eligible debtors.

- Policyholders report insured sales by country, generally on a monthly basis (in arrears) to Chubb, and pay the calculated premium with each report either by drawing from the deposit premium or sending a premium check with the report. The minimum *annual* premium is \$25,000.

Under certain conditions, the policyholder may be eligible for a premium credit in the event that there are no claims.

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### Deductibles and nonqualifying loss amount

There is no deductible and no nonqualifying loss amount under a Key Debtor policy.

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### Co-insurance

Each policy is subject to a standard 10% co-insurance, although additional co-insurance may apply to higher-risk debtors or may be negotiated for a reduced premium.

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### Claims

Claims may be filed upon expiration of a standard 90-day waiting period and up to eight months after the due date of the debtor’s obligation. Chubb will indemnify you for verified losses within 30 days.

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### For more information

To learn more about Chubb’s Key Debtor Trade Credit Insurance policy, contact your agent or broker.



Chubb Group of Insurance Companies  
Warren, New Jersey 07059  
[www.chubb.com](http://www.chubb.com)

Chubb refers to the insurers of the Chubb Group of Insurance Companies:  
Federal Insurance Company, Pacific Indemnity Company. Not all insurers do  
business in all jurisdictions.

This literature is descriptive only. Actual coverage is subject to the language of  
the policies as issued.

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