

229. Only specific policies are issued covering risks to which Italian firms are exposed by reason of:

War (whether declared or not), revolution, rebellion and riots;

Catastrophe (earthquake, tidal wave, volcanic eruption, flood, hurricane etc.);

General moratorium decreed by the government of the buyer's country;

Suspension or cancellation of the order, prior to delivery, resulting from any of the above-mentioned causes or from regulations introduced by the government of the buyer's country or by the Italian Government;

Delay of at least six months in transferring to the Italian supplier sums already deposited by the foreign buyer with his bank;

Increases in production cost prior to delivery caused by circumstances of a general nature not imputable to the supplier, when the sale contract does not provide for price adjustments or an escalation clause in those cases.

230. Ordinary commercial risks are not covered; however, the risk of default is covered when it is that of a foreign government or a foreign public agency which has guaranteed the purchase or the payments.

231. In general, the insurance coverage does not exceed 85 per cent of the credit. In the case of financial credits the maximum cover may be increased to 100 per cent. In the case of stocks of Italian products held abroad for sale, the insurance coverage does not exceed 65 per cent of their value in connexion with the execution of projects abroad by Italian contractors, the costs incurred in connexion with studies and planning, equipment and machinery assembled at the site and the actual execution of the first stage of the project may be insured up to 30 per cent of the total amount of the contract; a similar limitation applies to insurance covering the complete execution of such projects. However, when the project is to be executed for a foreign government or government agency, the insurance coverage may be increased to 65 per cent of the amount of the contract. As regards the risk of increased production costs, the insurance is limited to price changes in excess of 5 per cent of the value of the order up to a maximum of 10 per cent.

232. The duration of insurance is usually limited to five years from the time of dispatch or delivery of the goods or performance of the services, four years from the beginning of work on the project and two years from the dispatch or sale of products stocked abroad. These limits may be exceeded in special cases upon authorization of the Ministry of the Treasury. With regard to the risk of increased production costs, the duration of insurance cannot exceed the period elapsing between the date on which execution of the order began and the date upon which production was completed. Insurance in excess of five years is made available for long-term suppliers' credits granted under the matching principle and for long-term suppliers' credits and financial credits granted with government approval by Italian enterprises under article 20 of Act No. 635 of 5 July 1961 and under article 21 for "financial loans intended for economic rehabilitation" granted with government approval by the specialized credit institutions to foreign governments or central banks.

233. Premium rates are determined within maximum and minimum limits established each year by decree of the Minister of the Treasury in agreement with the Minister of the Budget, the Minister of Industry and Commerce and the Minister of Foreign Trade. At the end of September 1966 these upper and lower limits were 1.25 per cent and 0.10 per cent, respectively. In the case of financial credits premium rates are lower.

234. The statutory delay after which loss is recognized varies according to the risk involved. In the case of losses due to war, revolution, rebellion, catastrophe and moratorium, the delay is six months reckoned from the maturity of the credit. For losses due to suspension or cancellation of orders, the delay is six months reckoned from the date of suspension or cancellation. As regards foreign exchange transfer difficulties, the delay is six months reckoned from the date on which the buyer deposited the sum with his bank. When the loss results from non-payment by a foreign government, a foreign public entity or a foreign private entity guaranteed by its government or by a public entity the delay is six months reckoned from the maturity of the credit. In the case of production cost variations, the loss is recognized upon the completion and delivery of the goods. In the case of financial credits, indemnities are payable within thirty days of the recognition of the loss.