

General Terms and Conditions on Insurance of Buyer Credit OU-KK-01/22

Preamble

General Terms and Conditions on Insurance of Buyer Credit OU-KK-01/22 (hereinafter: General Terms and Conditions) set forth the terms and conditions of insurance of the Insured's receivables under the Buyer Credit, arisen as a result of the occurrence of the Insured Risk, that are insured by Hrvatska banka za obnovu i razvitak (hereinafter: the Insurer) for and on behalf of the Republic of Croatia.

Article 1 Definitions

In the General Terms and Conditions and the related Insurance Policy, the terms of this Article have the following meanings:

- **Partial Insurance:** coverage of a portion of receivables under the Buyer Credit, as agreed in the Insurance Contract;
- **Additional Costs:** costs incurred solely as a result of actions taken to reduce or avoid the occurrence of Loss and for the purpose of collecting the receivables that are the Subject Matter of Insurance, before or after the payment of Indemnity, and to which the Insurer has agreed in writing;
- **Domestic Share:** value percentage of the Croatian share in the Export Contract that is eligible for insurance in accordance with the relevant regulations, and which is stated in the Application for Insurance;
- **Foreign Bank:** one or several financial institutions with headquarters abroad which is (are) a debtor under the Buyer Credit from which the Export Contract is financed;
- **Foreign Buyer:** one or several entities performing an economic activity, regardless of the legal form, with headquarters abroad and with which the Exporter has concluded an Export Contract;
- **Export:** any legal business of interest to the Croatian economy whose ultimate purpose is the internationalisation of the Croatian economy and may represent manufacturing, transport, delivery, sale of goods and performance of works and services for the Foreign Buyer and joint business venture of a Croatian and foreign economic entity;
- **Export Contract:** purchase contract concluded in writing (including order and acceptance of order; framework export contract; pre-contract etc.) between the Exporter and the Foreign Buyer, which undoubtedly results in the Exporter's obligation to deliver goods and/or perform services to the Foreign Buyer and in the Foreign Buyer's obligation to pay the agreed amount to the Exporter;
- **Exporter:** any Croatian business entity that exports directly or indirectly (through branches or affiliated companies in the Republic of Croatia or abroad, which are in its majority ownership) and which has concluded an Export Contract with the foreign buyer;
- **Guarantor:** one or several legal entities or natural persons guaranteeing the payment of monetary obligations of the Borrower under the Buyer Credit (including, but not limited to the guarantor, warrantor, guarantor-payer, co-debtor) in accordance with the terms set forth in the Guarantee;
- **Guarantee:** security instrument for receivables drawn up in writing (including, but not limited to, a warranty, guarantee or co-debtorship) by which the Guarantor undertakes to meet the monetary obligations of the Borrower under the Buyer Credit in accordance with the terms and conditions set forth in the Guarantee, which is sound, valid, legal and binding and represents an irrevocable and unconditional obligation of the Guarantor, payable upon first call and enforceable in accordance with the provisions of the Guarantee itself;

- **Borrower:** Foreign Buyer or Foreign Bank that may be a private or public debtor (as defined in Article 7 paragraph 7.3 of these General Terms and Conditions), who or which is the borrower under the Buyer Credit;
- **Buyer Credit:** loan contract for a specified purpose between the Insured and one or several Borrowers that is used for financing the Export Contract and on the basis of which the Insured, on behalf of the Foreign Buyer or the Borrower, respectively, undertakes to pay funds in favour of the Exporter for duly performed obligations under the Export Contract, and the Borrower undertakes to repay the loan under the Buyer Credit;
- **Indemnity:** monetary amount that the Insurer pays to the Insured as compensation for the Loss incurred by the Insured as a result of the occurrence of the Insured Event, which in no case may be higher than the Insured Amount, less Retention;
- **Claim:** written request for payment of Indemnity submitted by the Insured to the Insurer in accordance with the provisions of Article 12 of these General Terms and Conditions;
- **OECD Arrangement:** current OECD¹ Arrangement on Officially Supported Export Credits;
- **General Terms and Conditions:** General Terms and Conditions on Insurance of Buyer Credit OU-KK-01/22;
- **Insured Sum:** monetary amount on which the insurance has been concluded and which is stated in the Insurance Policy and includes the principal and contractual regular interest (including the interest during the disbursement period and interest in the grace period) under the Buyer Credit;
- **Insured Risk:** risk covered by the insurance, in nature a future, uncertain event, independent of the exclusive will of the Insured, as defined in more detail in Article 7 of these General Terms and Conditions;
- **Insured Event:** harmful event caused by the Insured Risk, and the Insured can submit the Claim upon the occurrence of the Insured Event, as described in more detail in Article 8 of these General Terms and Conditions;
- **Insured:** one or several financial institutions with headquarters in the Republic of Croatia or abroad as loan provider(s) that has(have) entered into a Buyer Credit with the Borrower, and the Insurance Contract with the Insurer;
- **Insurer:** HBOR – Hrvatska banka za obnovu i razvitak (Croatian Bank for Reconstruction and Development), Zagreb, OIB (PIN): 26702280390, for and on behalf of the Republic of Croatia;
- **Insurance Policy:** written document on the concluded Insurance Contract, signed by the parties to the Insurance Contract which makes a constituent part of the Insurance Contract;
- **Subject Matter of Insurance:** monetary receivables of the Insured from the Foreign Buyer under the Buyer Credit in respect of the loan principal, which may be increased by the Insurance Premium if so agreed in the Insurance Policy, and in respect of the contractual regular interest that include interest during the disbursement period and interest during the grace period, as described in more detail in Article 6 of these General Terms and Conditions;
- **Insurance Premium:** amount of money charged by the Insurer for the risk taken under the Insurance Contract, and which the Insured is obliged to pay to the Insurer on the basis of the concluded Insurance Contract;
- **Premium Rate:** rate expressed as a percentage and stated in the Insurance Policy, and it reflects the price of insurance for the assumed risks;
- **Waiting Period:** time period after the expiration of which the Insured is entitled to submit a Claim and which, if not otherwise agreed in the Insurance Policy, lasts for 3 months from the maturity date of the monetary receivable under the Buyer Credit that the Insurer has not collected from the Borrower due to occurrence of an Insured Risk;

¹ Organisation for Economic Cooperation and Development

- **Retention:** share of the Insured in the Loss expressed as a percentage stated in the Insurance Policy and which, unless otherwise provided for in the Insurance Policy, amounts to 5% of the Loss amount;
- **Loss:** loss expressed as a monetary amount incurred by the Insured due to the occurrence of the Insured Event based on which the amount of Indemnity is determined;
- **Insurance Contract:** contract executed between the Insurer and the Insured by which the Subject Matter of Insurance is insured;
- **Recovery Contract:** contract between the Insurer and the Insured executed before the payment of Indemnity that regulates, among others, their rights and obligations relating to the collection of the receivables under the Buyer Credit and the Insurance Contract;
- **Application for Insurance:** Insured's written application with enclosures that is submitted to the Insurer applying for the conclusion of the Insurance Contract and that is signed by the authorised representatives of the Insured.

Article 2

Insurance Contract

- 2.1. The Insurance Contract consists of the General Terms and Conditions, the Insurance Policy with enclosures, the Application for Insurance with enclosures and other written applications and/or notices of the Insured and written statements in connection with them by the Insurer in Croatian or English, for the inclusion of which in the Insurance Contract it is not necessary to conclude an addendum to the Insurance Contract, unless the Insurer estimates otherwise and notifies the Insured thereof.
- 2.2. The Insurance Contract enters into force by signing the Insurance Policy by the authorised representatives (legal representatives or proxies) of the Insurer and the Insured, in two original copies, one for each party to the contract, unless otherwise provided for in the Insurance Policy. The date of execution of the Insurance Contract is the date of the signing of the Insurance Policy, however, should the dates of signing by the parties to the contract be different, the Insurance Contract shall be deemed to be executed on the day of the last signature.
- 2.3. The Insurance Policy contains the company name and headquarters of the Insurer, the Insured, the Borrower, the Foreign Buyer and the Exporter, data on the Export Contract, data on the Buyer Credit, the Subject Matter of Insurance, the Insured Risk, the Insured Sum, the Retention, the Duration of Insurance (as described in Article 4 of these General Terms and Conditions), the Insurance Premium, the special provisions, if agreed, the list of enclosures, if any, the date and signatures of the authorised representatives of the parties to the contract.
- 2.4. If the provisions agreed in the Insurance Policy differ from the provisions of the General Terms and Conditions or the data specified in the Application for Insurance, the provisions of the Insurance Policy shall apply.
- 2.5. If the Insurer submits the original copies of the Insurance Policy to the Insured for signature that have been previously signed by the Insurer, the Insured shall return to the Insurer one signed original copy. The Application for Insurance, as well as all other notices, consents and written notifications related to the Insurance Contract must be in writing and may be exchanged by mail, delivery service, e-mail or other means suitable for the exchange of written notifications.
- 2.6. The following shall be considered as proof of proper delivery of written notifications under the Insurance Contract:

- If sent by mail, a return receipt duly completed by the recipient, i.e. notice of receipt/delivery or records of the post office,
- If sent via delivery service, a confirmation or signature/stamp of the recipient on receipt of the written notification,
- If sent by e-mail, a written confirmation from the other party to the contract stating that it has received the written notification,
- If sent by other means suitable for the exchange of written notifications, a written confirmation from the other party to the contract stating that it has received the written notification.

Article 3 Currencies of Insurance Contract

- 3.1. Insured Sum is agreed in the currency of the Buyer Credit, unless otherwise provided for in the Insurance Policy.
- 3.2. Insurance Premium is calculated in the currency of the Insured Sum and is collected in the currency of the Insured Sum or in EUR equivalent amount at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the date the invoice is issued by the Insurer, unless otherwise provided for in the Insurance Policy.
- 3.3. Indemnity is calculated in the currency of the Insured Sum and is paid in the currency of the Insured Sum or in EUR equivalent amount at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the date of payment, unless otherwise provided for in the Insurance Policy.
- 3.4. Additional Costs are calculated in the currency in which they arise and are paid in the currency in which they arise or in EUR equivalent amount at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the date of payment, unless otherwise provided for in the Insurance Policy.
- 3.5. Amounts recovered by the Insured shall be transferred to the Insurer in the currency in which they are recovered or in EUR equivalent value at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the date of payment, unless otherwise provided for in the Insurance Policy.

Article 4 Duration of Insurance

- 4.1. The duration of insurance is set forth in the Insurance Policy.
- 4.2. It may be stipulated in the Insurance Contract that the start date of the Duration of Insurance shall be earlier than the date of conclusion of the Insurance Contract.
- 4.3. If any of the following events occurs earlier than the end of the Duration of Insurance stated in the Insurance Policy:
 - Making a decision of the Insurer on the payment of the total Indemnity,

- Termination of the Insurance Contract in accordance with Article 20 of these General Terms and Conditions,
- the insurance shall end on the date which occurs earliest among the above events.

Article 5 Insurance Premium

- 5.1. The Insurer determines the amount and the method of calculation and payment of the Insurance Premium. The Insurance Premium shall be calculated for the entire period of the Duration of Insurance by applying the premium rate to the principal amount of the Buyer Credit and is usually charged one-off on the occasion of the execution of the Insurance Contract. The Insurance Premium can also be paid from the funds approved through the Buyer Credit and it can be included (capitalised) in the loan principal if so provided for in the Insurance Policy.
- 5.2. The Insured pays the Insurance Premium on the basis of the invoice issued by the Insurer within the maturity period stated in the invoice. If the Insurance Premium is not paid upon maturity, the Insurer may charge legal penalty interest for the period from its maturity until payment and the Insured shall pay such interest to the Insurer.
- 5.3. The Insurer may recalculate the Insurance Premium if it agrees to the change of the Subject Matter of Insurance, the Insured Sum, the Duration of Insurance, the Insured Risks or the Retention under the Insurance Contract. The Insurer shall neither calculate nor charge an additional Insurance Premium in the event of non-substantial amendments to the Buyer Credit in accordance with Article 10 paragraph 10.1. sub-paragraph 10 of these General Terms and Conditions, as well as in the case of extension of the repayment terms under the Buyer Credit agreed between the Insurer and the Insured in order to reduce the potential Loss.
- 5.4. At the request of the Insured, the Insurer may agree to return the Insurance Premium:
 - a) in the event of the termination of the Insurance Contract by mutual agreement if:
 - the Buyer Credit has not entered into force, or
 - the disbursement of funds under the Buyer Credit has not commenced even partially before the expiry of the disbursement period,in which case the Insurer shall return the collected Insurance Premium in full reduced by the amount determined in accordance with the valid premium price list of the Insurer;
 - b) in the event of the termination of the Insurance Contract by mutual agreement at least one year before the expiry of the Duration of Insurance if:
 - the Buyer Credit has been disbursed partially or in full, or
 - the Buyer Credit has been prematurely repaid in full,in which case the Insurer shall recalculate the Insurance Premium in accordance with the actual duration of insurance and the outstanding amount of the principal of the Buyer Credit, in accordance with the same methodology and assumptions for the calculation of the Insurance Premium which were valid at the time of the Insurer's decision on insurance of the Subject Matter of Insurance. The Insurer shall return to the Insured the amount representing the difference between the collected and recalculated amount of the Insurance Premium, reduced by 0.2% of the amount of that difference.

Article 6

Subject Matter of Insurance

- 6.1. Subject Matter of Insurance is a monetary receivable of the Insured from the Borrower under the Buyer Credit with respect to:
 - the loan principal, which may be increased by the Insurance Premium, if so provided for in the Insurance Policy and
 - contractual regular interest, including the interest during the disbursement period and interest in the grace period.
- 6.2. Subject matter of insurance are not receivables in respect of contractual regular interest, fees, contractual penalties or any other costs under the Buyer Credit or in connection with the Buyer Credit.
- 6.3. In case of the Indemnity payment to the Insured prior to contractual maturities under the Buyer Credit, the Indemnity shall not cover contractual regular interest to which the Insured would have been entitled had the loan been repaid in accordance with the contractual terms of the Buyer Credit, which would have matured after the payment of the Indemnity.

Article 7

Insured Risks

- 7.1. An Insured Risk occurs when the monetary receivables that are the Subject Matter of Insurance mature.
- 7.2. Insured Risk can be realised as:
 1. Commercial risk:
 - a) Insolvency of the Borrower, de jure or de facto – inability to pay on the part of the Borrower and/or the Guarantor, where the Borrower is a private debtor (KRK1);
 - b) Extended non-payment on the part of the Borrower – non-payment, i.e. non-performance of obligations by the Borrower and/or the Guarantor upon maturity of payment obligations under the Buyer Credit, as well as until the expiration of the Waiting Period (KRK2).
 2. Political Risk:
 - a) Decision of a third country, moratorium, prevention or delay of transfer of funds, regulations of the country of the Borrower, decision of the Republic of Croatia or the country of the Insured preventing payment under the Buyer Credit or force majeure, where the Borrower is a private or a public debtor (PRK1);
 - b) Extended non-payment on the part of the Borrower – non-payment, i.e. non-performance of obligations by the Borrower and/or the Guarantor upon maturity of payment obligations under the Buyer Credit as well as until the expiration of the Waiting Period, where the Borrower is a public debtor (PRK2).
- 7.3. Individual terms in this Article have the following meanings:
 - **Insolvency de jure or de facto:** private debtor's or the Guarantor's inability to pay;
 - **Moratorium:** general moratorium declared by the country of the Borrower or a third country through which payment is to be made under the Buyer Credit;
 - **Decisions of the Republic of Croatia or the country of the Insured:** measures or decisions of the Government of the Republic of Croatia or the government of the country of the Insured, including the European Union measures and decisions that relate to trade between the Republic of Croatia and third countries, such as ban on exports, unless the

- Government of the Republic of Croatia or the government of the respective country otherwise covers the effect of the respective measure or decision;
- **Decision of a third country:** measure or decision of the government of a country, including measures and decisions of public authorities that are considered government interventions, except the Government of the Republic of Croatia or the government of the country of the Insured, which prevents the fulfilment of the Buyer Credit;
 - **Regulations of the country of the Borrower:** legal regulations adopted in the country of the Borrower declaring the payment of the Borrower in the currency of the country of the Borrower a valid debt settlement even though such payment does not, on the date of the transfer of funds, cover the amount of debt in the currency under the Buyer Credit due to the change in the foreign exchange rate of the currency of the Borrower's country;
 - **Prevention or delay of transfer of funds:** political events, economic difficulties or legislative or administrative measures that arise or are taken outside the Republic of Croatia, which prevent or delay the transfer of funds paid in connection with the Buyer Credit;
 - **Force Majeure:** event of force majeure arising outside the Republic of Croatia which may include war, civil war, revolution, protest, public unrest, storm, flood, earthquake, volcanic eruption, tidal wave, nuclear accident and pandemic, unless the government of the respective country has covered the adverse effects in another way;
 - **Public Debtor:** any entity of state or public authorities which cannot, judicially or administratively, be declared insolvent;
 - **Private Debtor:** the debtor that is not considered a public debtor.

Article 8 Insured Event

- 8.1. Insured Event is a loss event caused by the Insured Risk, where the occurrence of the Insured Event is a precondition for submission of a Claim by the Insured.
- 8.2. Insured Event occurs by realisation of one of the following cases, when the Insured, after the agreed maturity of receivable under the Buyer Credit that is the Subject Matter of Insurance, does not collect the receivable either from the Borrower or from the Guarantor (in case when Guarantor is contracted under the Buyer Credit, the Insured Event arises only when it is determined that the receivable has not been collected even after the Insured has called the Guarantor for payment in accordance with the terms and conditions specified in the Guarantee), and all provided that the non-payment is the sole consequence of the occurrence of the agreed Insured Risk:
1. For commercial risks:
 - a) Upon expiry of the Waiting Period, during which the Borrower has not made the payment of obligations under the Buyer Credit, or
 - b) On the day when the decision made by a competent body on the initiation of pre-bankruptcy, bankruptcy or liquidation proceedings against the Borrower, becomes final, i.e. any other case which, in accordance with the relevant regulations of the country of the Borrower, may be considered identical, provided that the one of these two events which occurs earlier will be taken into account.

In the case referred to in sub-paragraph 1. b) above, the Waiting Period does not apply and the Insured is obliged to submit to the Insurer acceptable evidence on the initiation of a pre-bankruptcy, bankruptcy or liquidation proceedings, i.e. other proceedings identical to these proceedings against the Borrower.

2. For political risks:
 - a) Upon expiry of the Waiting Period, during which the Borrower has not made the payment of obligations under the Buyer Credit.

In the case referred to in sub-paragraph 2. a), the Insured is obliged to submit to the Insurer evidence on the occurrence of the agreed Insured Risk.

Article 9 Obligation of the Insurer

The Insurer shall pay to the Insured or to a third party referred to in Article 18 of these General Terms and Conditions:

- Indemnity, and/or
 - Compensation for Additional Costs
- under the terms and conditions of the Insurance Contract.

Article 10 Obligations of the Insured

10.1. Obligations of the Insured before and for the duration of the Insurance Contract:

1. When assessing risk, approving, managing, disbursing and collecting the Buyer Credit, the Insured shall act in accordance with the Buyer Credit, international and domestic regulations, rules and procedures in force, applying the type of care customary in the banking operations;
2. The Insured shall state in the Application for Insurance to the Insurer completely, accurately and truthfully all facts and data necessary for the assessment of insurance risk which the Insured itself, by applying the form of diligence that is usual in banking business, takes into account as necessary for the assessment of the credit placement when concluding the Buyer Credit, and shall immediately inform the Insurer in writing of any change in these facts before and after the conclusion of the Insurance Contract. In particular, the Insured is obliged, when submitting the Application for Insurance and at the time of signing of the Insurance Contract, to provide the Insurer with accurate, complete and true information that it was aware of or that it should have been aware of by applying the form of diligence that is usual in banking business, which could lead to the rejection of Application for Insurance or termination of the Insurance Contract, for example, if:
 - a) The Borrower is insolvent, de jure or de facto (as described in Article 7 paragraph 7.3 of these General Terms and Conditions), or is unable to fulfil its payment obligations due to other objective facts;
 - b) The Borrower has not fulfilled any of its obligations under another contract concluded with the Borrower within the last two years from the submission of the Application for Insurance.

By signing the Insurance Policy, the Insured gives its explicit consent that the Insurer, when assessing the insurance risk, takes into account only the information specified in the Application for Insurance and its enclosures, regardless of whether the Insurer is familiar with the content and the conditions of the Export Contract and the Buyer Credit and other related documents, and the Insurer will check the documents submitted to it only upon receipt of the Claim. By signing the Insurance Policy, the Insured expressly agrees that the Insured cannot rely on the fact that the Insurer was familiar or should have been familiar

with the content and conditions of the documentation stated in the sentence above, regardless of whether the Insurer saw the documentation or commented on it.

The Insured is responsible for the validity of the Buyer Credit and contracted security instruments, for the compliance of the Export Contract with the Buyer Credit and for checking whether the conditions preceding documents for the disbursement of Buyer Credit have been met and is required to prove the validity of these documents at its own expense, as well as to provide evidence on the occurrence of an Insured Event and the amount of Loss;

3. The Insured shall pay the Insurance Premium and the fee for processing of the Application for Insurance pursuant to the terms and conditions of the Insurance Policy and within the deadlines determined by the Insurer;
4. The Insured shall, when concluding the Buyer Credit:
 - a) Grant to the Borrower a Buyer Credit in accordance with the Export Contract and the Insurance Contract;
 - b) Contract in the Buyer Credit conditions preceding documents for the disbursement of loan for the purpose of earmarked disbursement of loan funds to the Exporter based on credible documents evidencing the due fulfilment of Exporter's obligations under the Export Contract;
 - c) Pay the amount under the Buyer Credit when all agreed preconditions under the Buyer Credit and the Insurance Contract have been fulfilled;
 - d) Contract in the Buyer Credit an independent obligation of loan repayment by the Borrower, regardless of the status of fulfilment of the Export Contract and agree that the amount of paid Indemnity and/or compensation for Additional Costs will be considered due receivable of the Insurer on the day of payment of the Indemnity and/or compensation for Additional Costs and that the Borrower, together with the Guarantor, if agreed, shall immediately reimburse to the Insurer (directly or via the Insured) the amount of paid Indemnity and/or compensation for Additional Costs increased by legal default interest accruing from the day of payment of the amount by the Insurer until the day of reimbursement of the amount thus paid to the Insurer;
 - e) Provide collaterals specified in the Application for Insurance and the Buyer Credit and, when contracting collaterals (pledges, guarantees or other forms of collateral) agree that collaterals may be freely transferred (to the extent possible) to the Insurer, unless agreed otherwise in the Insurance Policy;
 - f) for Buyer Credits with the repayment period of two or more years, to agree on the terms in accordance with the current OECD Arrangement;
5. The Insured shall comply with the provisions and the terms and conditions of the Buyer Credit;
6. The Insured shall obtain statements from the Exporter and other participants in the export transaction in case of such assessment by the Insurer in order to identify potential irregularities related to bribery according to the content and conditions determined by the Insurer in accordance with the Insurer's Ordinance on the Implementation of the OECD Recommendation of the Council on Bribery and Officially Supported Export Credits²;

² Published on HBOR's web page <https://www.hbor.hr/wp-content/uploads/2022/05/Pravilnik-o-provedbi-OECD-preporuke-o-sprjecavanju-podmicivanja-s-prilozima-listopad-2021.pdf>

7. In the case of an Export Contract with a potential impact on the environment or the society, the Insured shall, at the request of the Insurer, obtain and submit to the Insurer an assessment of these impacts according to the content and conditions determined by the Insurer in accordance with the Insurer's Ordinance on the Implementation of the OECD Recommendations on Environmental Protection and Social Impact and Sustainable Export Credits³;
8. The Insured shall act in accordance with the Insurer's requirements and in accordance with the Insurer's Ordinance on the Implementation of the OECD Recommendations on Environmental Protection and Social Impact and Sustainable Export Credits and the Ordinance on the Implementation of the OECD Recommendation of the Council on Bribery and Officially Supported Export Credits⁴;
9. The Insured shall inform the Insurer in writing about:
 - a) The amounts and maturities of the principal with the corresponding amounts and maturities of the contractual regular interest, which includes both interest during the disbursement period and interest in the grace period (repayment plan), within 30 days from the expiry of the loan disbursement period;
 - b) Inability to draw down the entire or a portion of the Buyer Credit;
 - c) Final repayment of the loan under the Buyer Credit, immediately, and no later than 30 days after repayment;
10. Before any significant material amendment relating to the Buyer Credit, the Insured shall obtain a written consent of the Insurer, and in particular, the following shall be deemed a significant material amendment:
 - a) Change in the amount and/or the loan currency of the Buyer Credit and/or the agreed regular interest under the Buyer Credit,
 - b) Change of the parties to the Buyer Credit,
 - c) Release of any of the collaterals for the collection of loan receivables under the Buyer Credit or contracting of a reduction in the coverage of loan receivables under the Buyer Credit by any collateral for the collection of that receivable, if agreed,
 - d) Extension of the loan disbursement period under the Buyer Credit and/or the extension of the loan repayment period for 4 and more months in relation to these terms as stated in the Application for Insurance at the conclusion of the Insurance Contract and/or changes in the dynamics of loan repayment under the Buyer Credit in relation to the dynamics specified in the Application for Insurance at the conclusion of the Insurance Contract.

The Insurer shall be deemed to have agreed to any material amendment to the Buyer Credit arising from the binding provisions of the relevant regulation, provided that the Insured is obliged to notify the Insurer in writing of any such change without delay and in the shortest term possible. Such change in the Buyer Credit shall not affect the maturity (payment dates) of the Indemnity set forth in Article 17 of these General Terms and Conditions, unless the Insurer decides otherwise in accordance with Article 17, paragraph 17.2. of these General Terms and Conditions.

³ Published on HBOR's web page https://www.hbor.hr/wp-content/uploads/2022/05/Pravilnik-o-provedbi-OECD-preporuka_ozujak-2021.pdf

⁴ Published on HBOR's web page <https://www.hbor.hr/odrzivost/>

The Insured is obliged to inform the Insurer in writing without delay and as soon as possible about other amendments to the Buyer Credit that are not considered material in terms of this item of the General Terms and Conditions.

Non-material amendments to the Buyer Credit are considered to be the changes that are not stated as material in this item of the General Terms and Conditions and the changes that in no way affect the increase of insurance risk, such as the change of headquarters of the contracting parties to the Buyer Credit, whereas the following is considered the material change: change of the country of headquarters of the contracting parties to the Buyer Credit, change of the bank account of the contracting parties to the Buyer Credit, the Buyer Credit identifier, extension of the loan disbursement period or the loan repayment period under the Buyer Credit for the period of up to 4 months in relation to the initially agreed disbursement period, repayment period etc.

All written notices and applications of the Insured, i.e. all written consents and other written statements of the Insurer set forth in this item of the General Terms and Conditions form an integral part of the Insurance Contract, provided that the Insured undertakes to conclude an appropriate annex to the Insurance Contract on the basis of such written documentation if requested by the Insurer to do so and within the deadline set by the Insurer;

11. The Insured shall, at the request of the Insurer, submit all information and complete documentation related to the Buyer Credit and make available its books and records that the Insurer assesses as necessary to assess the fulfilment of obligations under the Buyer Credit;
12. The Insured shall inform the Insurer in writing immediately, and no later than 30 days after having learned about, all the circumstances which have become known to the Insured that might jeopardise the regular payment under the Buyer Credit and/or the fulfilment of other obligations under the Buyer Credit;
13. The Insured shall suspend all disbursements under the Buyer Credit at the request of the Insurer;
14. The Insured shall independently take all necessary measures and actions to limit or prevent the realisation of the contracted Insured Risk and the occurrence of Loss, in accordance with all valid regulations obliging the Insured as well as the procedures and internal rules of the Insured, by applying the form of diligence that the Insured usually applies in its business and inform the Insurer about it without delay;
15. The Insured shall without delay act in accordance with the Insurer's instructions that may be given to the Insured at any time in the event of an increased risk, if the Borrower fails to fulfil its obligations or if an Insured Risk occurs;
16. The Insured may not obtain the insurance of Retention without a prior written consent of the Insurer;
17. The Insured may not transfer or sell the rights and obligations arising from the Insurance Contract to a third party without prior written consent of the Insurer;
18. The Insured shall request prior written consent of the Insurer in case of transfer of the right to receive the Indemnity under the Insurance Contract to another person;

19. If there are several Insured persons/entities in the Insurance Contract, for example in the case of a club Buyer Credit, each Insured is obliged to jointly fulfil the obligations of the Insured under the Insurance Contract, unless otherwise agreed in the Insurance Policy.

10.2. Obligations of the Insured in the case of the occurrence of the Insured Risk:

1. The Insured shall deliver to the Insurer without delay, however no later than within 30 days from the occurrence of the Insured Risk, a written notice of:
 - Non-payment of part or entire receivables under the Buyer Credit by the Borrower or the Guarantor (if agreed),
 - Receivables being disputed or objection being raised by the Borrower with respect to the due debt under the Buyer Credit,
 - Inability to draw down entire or part of the Buyer Credit;
2. Upon non-payment of due obligations under the Buyer Credit, the Insured shall, without delay, send a written invitation to the Borrower and the Guarantor (if agreed) to pay the due obligations in accordance with its procedures and internal rules as well as in accordance with the Buyer Credit and the terms and conditions of the Guarantee (if agreed);
3. The Insured shall, on its own, take all necessary measures and actions in order to reduce the incurred Loss and to collect the receivables from the Borrower by taking into account all applicable regulations binding on the Insured, its procedures and internal rules, by applying the form of diligence that is usual in banking business and that is applied by the Insured in its business and shall, without delay, inform the Insurer in writing about what has been done;
4. The Insured shall request the written consent of the Insurer for actions taken by the Insured for the purpose of collecting payments under the Buyer Credit if such actions may cause Additional Costs, in accordance with Article 16 of these General Terms and Conditions, as an exception, if the Insured intends to hire a lawyer for taking certain actions, the lawyer's fees will be reimbursed to the Insured only with the prior written consent of the Insurer;
5. The Insured shall without delay suspend further disbursement of the Buyer Credit if the Borrower and/or the Guarantor have/has not fulfilled any of their/its obligations under the Buyer Credit, unless the Insured requests and the Insurer issues a written consent that the Insured may act differently or unless the Insurer requests in writing from the Insured to act differently;
6. The Insured shall obtain the written consent of the Insurer in the event of contracting with the Borrower the terms and conditions of debt rescheduling under the Buyer Credit. If the Insurer proposes to contract the terms and conditions of debt rescheduling under the Buyer Credit with the Borrower or its legal successor, the Insured shall accept them. The contracted terms and conditions of debt rescheduling do not affect the initial terms under the Insurance Contract on the basis of which the Insured exercises the right to submit a Claim. The Insurer and the Insured may agree on taking other actions in such a way that the new terms and conditions of debt rescheduling under the Buyer Credit apply to the Insurance Contract in relation to the rights and obligations of the Insured under the Insurance Contract;
7. The Insured shall, in case of submitting a Claim, submit the complete Claim and act in accordance with Article 12 of these General Terms and Conditions;

8. At the request of the Insurer, the Insured shall, without delay, submit all information, explanations and complete documentation related to the Buyer Credit and related to the fulfilment of obligations under the Insurance Contract and shall make available its business books and records that the Insurer deems necessary for the assessment of the merits of the Claim;
 9. If the Claim is accepted, the Insured shall conclude the Recovery Contract, execute the recovery and act in accordance with the obligations referred to in Article 11 of these General Terms and Conditions;
- 10.3. On the occasion of giving instructions to the Insured, the Insurer shall act reasonably and require the taking of only those actions, either upon the instruction of the Insurer or independently by the Insured, that are appropriate by taking into account all applicable regulations binding on the Insured, standard practice in the financial industry and standard banking practice applied by the Insured in its business.

Article 11

Obligations of the Insured after the Payment of the Indemnity and Recovery

- 11.1. At the moment of payment of the Indemnity and/or compensation for the Additional Costs to the Insured, all receivables under the Buyer Credit together with ancillary rights shall be transferred to the Insurer, including collateral to the extent possible, up to the amount of the total paid Indemnity and/or Additional Costs.
- 11.2. The Insured shall, prior to the payment of the Indemnity, execute a Recovery Contract with the Insurer, by which the Insurer will assign to the Insured, for the purpose of settlement, the receivables referred to in paragraph 11.1 of this Article, increased by statutory penalty interest accruing to the benefit of the Insurer from the date of payment of the Indemnity and/or compensation for the Additional Costs until the date of settlement of the receivables of the Insurer on the respective grounds, authorising the Insured to conduct all necessary actions and payment collection procedures and regulating other rights and obligations of the Insurer and the Insured in relation to the collection of all receivables (of the Insured and the Insurer referred to in paragraph 11.1 of this Article) under the Buyer Credit and the Insurance Contract after the payment of the Indemnity.
- 11.3. The Insured shall be authorised and obliged to independently undertake all actions and conduct all procedures for the purpose of collecting all receivables (of the Insured referred to in paragraph 11.1 of this Article and of the Insurer referred to in paragraphs 11.1 and 11.2 of this Article) under the Buyer Credit and the Insurance Contract, including, among others, the activation of collateral and acting in pre-bankruptcy and bankruptcy proceedings as well as in any possible other proceedings that are identical to those proceedings, and to immediately inform the Insurer of all actions undertaken. Without a written consent of the Insurer, the Insured shall not be authorised to make a decision either on the write-off of the said receivables of the Insurer referred to in paragraphs 11.1 and 11.2 of this Article, on the suspension of collection procedures or on non-initiation of further actions for the purpose of collecting the said receivables.
- 11.4. The Insurer shall, when it deems it necessary, give instructions to the Insured to take the actions necessary to collect all receivables (of the Insured referred to in paragraph 11.1 of this Article and of the Insurer referred to in paragraphs 11.1 and 11.2 of this Article), and the Insured shall comply with such instructions. On the occasion of giving instructions to the Insured, the Insurer shall act reasonably and require the taking of only those actions, either upon the instruction of the Insurer

or independently by the Insured, that are appropriate by taking into account all applicable regulations binding on the Insured, standard practice in the financial industry and standard banking practice applied by the Insured in its business.

- 11.5. Upon receipt of the Indemnity, the Insured shall, without delay, forward to the Insurer, in accordance with the Percentage of Coverage (as described in Article 15, paragraph 15.5 of these General Terms and Conditions) all payments received by the Insured on the basis of the Buyer Credit and the Insurance Contract up to the amount of receivables of the Insurer referred to in paragraphs 11.1 and 11.2 of this Article.
- 11.6. The Insurer shall be entitled, at any time, unilaterally by a written statement sent to the Insured, to take back from the Insured the unsettled portion of the receivables referred to in paragraphs 11.1 and 11.2 of this Article and inform the Insured that from that moment onwards, the Insurer shall take independently all necessary actions and all collection procedures. The Insured shall also undertake all permitted legal actions (such as transfer of divisible collaterals etc.) to transfer to the Insurer all rights under the Buyer Credit in proportion to the amount of unsettled receivables taken by the Insurer. The cost of taking over of receivables and actions taken shall be borne by the Insurer.
- 11.7. By the way of derogation from paragraph 11.2 of this Article, the Insurer may stipulate in the Recovery Contract that the Insurer shall independently take all actions necessary to collect the Insurer's receivables referred to in paragraphs 11.1 and 11.2 of this Article or all receivables (of the Insured referred to in paragraph 11.1 of this Article and of the Insurer referred to in paragraphs 11.1 and 11.2 of this Article) under the Buyer Credit and the Insurance Contract. In that case, the Insured shall take all necessary actions in a timely manner and conclude appropriate legal transactions necessary for the purpose of implementation of the receivables collection procedure by the Insurer.
- 11.8. In the case of the assignment of receivables referred to in paragraph 11.7 of this Article in such a way that the Insurer conducts the recovery of the entire receivable under the Buyer Credit, the Insurer shall, in proportion to the Percentage of Coverage (as described in Article 15, paragraph 15.5 of these General Terms and Conditions) retain all payments received by the Insurer on the basis of the Buyer Credit and the Insurance Contract up to the amount of the receivables referred to in paragraphs 11.1 and 11.2 of this Article, and proportionally forward the difference to the Insured.
- 11.9. Should Additional Costs be incurred in connection with the actions taken in accordance with the provisions of this Article, they shall be reimbursed to the Insured at its request in the Percentage of Coverage (as described in Article 15, paragraph 15.5 of these General Terms and Conditions).
- 11.10. The Insured shall accept (unless otherwise agreed by the Insurer and the Insured at the request of the Insured) the terms and conditions of rescheduling of debt under the Buyer Credit that the Insurer, after having paid the Indemnity to the Insured, has agreed with the Borrower or its successor regarding the collection of receivables under the Buyer Credit. The Insured shall proceed in accordance with this paragraph also with regard to the receivables of the Insured under the Buyer Credit remaining after the payment of the Indemnity.

Article 12

Claim

- 12.1. A Claim shall be submitted in writing upon the occurrence of the Insured Event and may be submitted no later than one year from the occurrence of the Insured Event, otherwise the Insured loses the right to submit the Claim and the Insurer will reject it.
- 12.2. The Claim must be accompanied by the documents necessary for the assessment of the Claim proving the existence, indisputability and maturity of the Subject Matter of Insurance, occurrence of the Insured Risk, amount and occurrence of the Loss, fulfilment of the Insured's obligations under the Insurance Contract as well as other documents that the Insurer deems necessary to assess the justifiability of the Claim. The Claim shall also be accompanied by the data necessary for making the payment in case it is accepted by the Insurer (account number, payment model, reference number, payment description).
- 12.3. The existence and maturity of the receivables under the Buyer Credit shall be proven by a signed excerpt (signed by persons authorised to represent the Insured in accordance with the internal authorisations of the Insured) from the business books of the Insured. If the Insured collects payment of a part of the receivables under the Buyer Credit that are the Subject Matter of Insurance after having submitted the Claim and before receiving the Indemnity, the Insured shall inform thereof the Insurer without delay and shall submit to it an excerpt from the business books of the Insured stating the new amount of receivables under the Buyer Credit after the payment has been made. In this case, the Insurer shall, on the basis of such a new excerpt, determine the amount of the Loss in order to calculate the amount of the Indemnity in accordance with Article 15, paragraph 15.4. of these General Terms and Conditions. The justifiability of the receivables is proven by, among other things, a photocopy of the Buyer Credit.
- 12.4. The documents submitted with the Claim may be submitted in the original or a photocopy, and, at the request of the Insurer, the Insured is obliged to provide the Insurer with an insight into the originals of the documents submitted in the photocopy. Documents required for the assessment of the Claim that are not in Croatian or English shall be submitted, at the Insurer's request, also in a certified translation to Croatian or English. The cost of translation shall be borne by the Insured.
- 12.5. The Insurer may, for the purpose of determining the accuracy of the data related to the Claim, request the Insured to obtain the opinion of a certified auditor and/or a permanent expert witness at its own expense.
- 12.6. The Insurer has the right to request further explanations and evidence from the Insured, the Borrower or another legal or natural person as well as to take actions at its own expense to determine, in accordance with the Insurer's assessment, all important circumstances regarding the reported Insured Event and the Claim justification assessment, and the Insured undertakes to submit to the Insurer without delay all the requested information at its disposal or which it can obtain.
- 12.7. If the Insurer determines that the submitted Claim does not contain the documentation required by the Insurer in accordance with this Article and/or that additional documentation is required to assess the Claim, the Insurer shall, within 30 days from the date of receipt of such incomplete Claim, ask the Insured to supplement it.

- 12.8. If the Insurer does not invite the Insured to supplement the Claim within the specified period, the Claim will be considered complete.
- 12.9. The Insurer is obliged to comment on the justifiability of the Claim within 30 days from the date of receipt of the complete Claim in accordance with this Article.
- 12.10. If the Insured fails to submit the required documents within 30 days of the invitation to supplement the Claim, the Insurer will complete the assessment of the Claim according to the available (incomplete) documentation and will provide response within an additional period of 30 days.
- 12.11. The Insured may initiate court proceedings to protect its rights under the Insurance Contract if the Insurer does not comment on the Claim within 30 days from the receipt of the complete Claim in accordance with this Article or within the period specified in paragraph 12.10. of this Article or in the event that the Insurer refuses or revokes the acceptance of the Claim in accordance with these General Terms and Conditions.

Article 13 Acceptance of Claim

- 13.1. The Claim shall be accepted if:
- Insured Risk has occurred and
 - Insured Event has occurred and
 - Loss has occurred on the basis of the agreed Subject Matter of Insurance and
 - The Insured has submitted the Claim and has submitted the appropriate documentation in accordance with the provisions of Article 12 of these General Terms and Conditions and
 - The Insured has paid the Insurance Premium no later than within a reasonable time after the due date indicated in the Insurance Premium invoice and
 - In the Application for Insurance, the Insured has stated completely and accurately all information required by the Insurer for the assessment of insurance risk, to the extent described in paragraph 13.2. of this Article and
 - The Insured has fulfilled other obligations under the Insurance Contract to the extent described in paragraph 13.2. of this Article.
- 13.2. The Insurer shall accept the Claim and pay the Indemnity, partially or in full, if the non-fulfilment of certain obligations under the Insurance Contract by the Insured it assesses as non-material, or if such non-fulfilment, as assessed by the Insurer, had no significant impact on risk assumption, extent and amount of the occurred Loss as well as the possibility of recovery. In the event of partial payment of the Indemnity, the amount of the Indemnity will depend on the degree of non-compliance with the Insured's obligations under the Insurance Contract.

Article 14 The Insurer's Right to Recover Indemnity

Should the Insurer accept the Claim, and should subsequently any circumstances arise from which it can be concluded that the Insured had no right to the payment of Indemnity either partially or in full, or should the Insured, by any action and/or omission, prevent and/or significantly complicate the exercise of rights for the Insurer contained in the Recovery Contract referred to in Article 11 of these General Terms and Conditions, the initial acceptance of the Claim shall be revoked. In such cases, the Insured shall refund to the Insurer the disputed part of the Indemnity and the disputed part of the compensated Additional Costs received from the Insurer together with the statutory penalty interest accruing on such

amounts from the date of payment by the Insurer until the date of recovery of such amounts to the Insurer within the maturity period stated in the written notification of the Insurer to the Insured.

Article 15 **Calculation of Indemnity**

- 15.1. The Indemnity may in no case exceed the Insured Sum stated in the Insurance Policy reduced by the Retention.
- 15.2. The Insured shall inform the Insurer about all amounts of payment received by it under the Buyer Credit during the Waiting Period after the occurrence of the Insured Event and before the payment of the Indemnity, and they will be taken into account when determining the Loss. The Insured is obliged to settle the receivables under the Buyer Credit from the stated payments in the order of maturity of these receivables.
- 15.3. When calculating the Indemnity, the Insurer shall, as appropriate, take into account the reduction of the amount of the Loss for the parts of the receivables that are not the Subject Matter of Insurance (e.g. statutory penalty interest, fees, etc.) for those parts of the receivables that arose before the coverage under the Insurance Contract started and for the Partial Insurance. The calculation of the Indemnity shall contain the amount of the loan principal and the amount of the contracted regular interest, including interest during disbursement period and interest during grace period.
- 15.4. The amount of the Indemnity shall be calculated as the amount of the Loss reduced in accordance with the paragraphs 15.2. and 15.3. of this Article, up to the Insured Amount, minus the agreed Retention:
Indemnity = (Loss determined in accordance with the paragraphs 15.2. and 15.3. of this Article) x (100% - Retention), where the Loss ≤ the Insured Amount.
- 15.5. The Percentage of Coverage (hereinafter: the Percentage of Coverage) is used for the calculation of the share with which the Insurer participates in Additional Costs and of the percentage of inflows from the collection under the Buyer Credit that belongs to the Insurer. The Percentage of Coverage is calculated in the manner that the amount of calculated Indemnity in accordance with paragraph 15.4. of this Article is divided by the amount of total Loss, and the amount thus obtained is converted into a percentage stated in two decimal places.
*Percentage of Coverage = Indemnity / Loss * 100%*

Article 16 **Compensation for Additional Costs**

- 16.1. If Additional Costs are incurred in connection with the actions taken in accordance with the provisions of these General Terms and Conditions, they shall be reimbursed to the Insured after they have been submitted to the Insurer, in accordance with the Percentage of Coverage (as described in Article 15, paragraph 15.5. of the General Terms and Conditions) provided that the actions have been taken after having received the instructions or the consent of the Insurer in the manner determined in these General Terms and Conditions and provided that the conditions for the acceptance of the Claim have been met.
- 16.2. By way of derogation from paragraph 16.1. of this Article, if the Insured intends to hire a lawyer to take certain actions, the costs of the lawyer shall be reimbursed to the Insured only with a prior written consent of the Insurer.

- 16.3. Additional costs do not relate to usual administrative costs, such as the costs of sending mail, telephone costs, photocopying, travel costs, as well as the costs of assessing the justifiability of the Claim, and they will not be reimbursed to the Insured.
- 16.4. For the avoidance of any doubt, if the Insurer gives a consent for the activation of collateral, the Insurer shall reimburse the Insured for all costs incurred by activating the collateral, and it is not necessary to ask for a special consent from the Insurer for any such action (except for the costs of hiring a lawyer). However, if the submitted Claim is not accepted due to a failure on the part of the Insured, the Insured is obliged to return the costs thus settled to the Insurer.
- 16.5. In the event that the Insurer bears the cost of taking the actions referred to in paragraph 16.1. of this Article, the Insured undertakes to reimburse the Insurer for the respective cost in the amount to be calculated in accordance with the Percentage of Coverage as determined in Article 15, paragraph 15.5. of these General Terms and Conditions.

Article 17

Maturity of Indemnity and Compensation for Additional Costs

- 17.1. Should the Claim be accepted, provided that the Insured has concluded the Recovery Contract referred to in Article 11 of these General Terms and Conditions, the Insurer shall pay the Indemnity and/or reimburse the Additional Costs to the Insured:
- a) For the receivables that become due under the Buyer Credit before the acceptance of the Claim – within 15 days from the date when the decision of the Insurer is made on the acceptance of the Claim,
 - b) For the receivables that become due under the Buyer Credit after the acceptance of the Claim – on the initial due date of receivables under the Buyer Credit that were specified in the Application for Insurance at the moment of executing the Insurance Contract, or in other maturities of these receivables to which the Insurer agreed in accordance with the provisions of these General Terms and Conditions,
 - c) If the entire outstanding receivables under the Buyer Credit are due prematurely owing to contracted or legal provisions – on the initial due date of receivables under the Buyer Credit that were specified in the Application for Insurance at the moment of executing the Insurance Contract, or in other maturities of these receivables to which the Insurer agreed in accordance with the provisions of these General Terms and Conditions.
- 17.2. With respect to the due dates of the indemnification determined in the above paragraph, the Insurer reserves the right to make a different decision.

Article 18

Transfer of Rights and Obligations under Insurance Contract

- 18.1. The Insurer and the Insured may not transfer the rights and obligations under the Insurance Contract to other persons without a prior written consent of the other party.
- 18.2. The Insured may transfer the right to receive the Indemnity under the Insurance Contract to another person by contract with a prior written consent of the Insurer. For any subsequent transfer of the right to receive Indemnity, a prior written consent of the Insurer shall also be necessary.

18.3. The transfer referred to in the above paragraph does not affect the existence of the obligations of the Insured towards the Insurer under the Insurance Contract.

Article 19 Exclusion of Right to Abandonment

Without the Insurer's consent, the Insured shall have no right to abandon the rights and assets relating to the Buyer Credit in favour of the Insurer after the occurrence of the Insured Risk, and to request the payment of the Indemnity from the Insurer in return.

Article 20 Termination of Insurance Contract

- 20.1. The Insurance Contract may be terminated by a written agreement between the Insurer and the Insured, by which the date of termination of the Insurance Contract will be determined, and, in that case, the Insurer shall be, regardless of the termination of the Insurance Contract, entitled to all amounts based on Insurance Premium and fees and possible other amounts to which it is entitled in accordance with the Insurance Contract, unless the Insurer decides otherwise in accordance with Article 5, paragraph 5.4. of these General Terms and Conditions.
- 20.2. The Insurer has the right to cancel the Insurance Contract if:
- The Insured does not fulfil the obligations under the Insurance Contract, and such non-fulfilment of obligations or conditions in the opinion of the Insurer constitutes a material breach of the Insurance Contract in relation to the occurrence of the Insured Risk or the amount of the Loss, or it has prevented or significantly hindered actions to prevent or reduce the occurrence of the Loss and the possibility of recovery, and/or
 - The Insurance Premium has not been paid in full or within a reasonable period after the maturity date indicated by the Insurer.
- 20.3. The Insurer may, through a written statement to the Insured, maintain the Insurance Contract in effect, but with the adjustment of the terms and conditions of the Insurance Contract to the new situation at its own discretion.
- 20.4. The Insured has the right to cancel the Insurance Contract and, in case of such cancellation, it shall be considered that the Insured has waived all its rights under the Insurance Contract, including the right to a refund of the amounts paid to the Insurer under the Insurance Contract.
- 20.5. The Insurance Contract shall terminate on the day of receipt of the notice of termination referred to in paragraphs 20.2. and 20.4. of this Article by the other party to the contract in the manner described in Article 2, paragraph 2.6, subparagraphs 1 and 2 of these General Terms and Conditions.

Article 21 Governing Law and Resolution of Disputes

21.1. The laws of the Republic of Croatia in effect shall apply to the Insurance Contract.

21.2. The parties to the contract agree that they will strive to resolve all possible misunderstandings and/or disputes arisen from the Insurance Contract primarily through negotiations during the entire duration of the Insurance Contract. Should such negotiations fail, the parties to the contract can strive to resolve the disputes out of court or, otherwise, the competent court in Zagreb shall have jurisdiction.