



Hrvatska banka za
obnovu i razvitak

**General Terms and Conditions on Insurance
of Short-Term Export Receivables for Exporters
with Annual Export Turnover of up to EUR 2 million
OU-IP/01-16**

Preamble

By the General Terms and Conditions on Insurance of Short-Term Export Receivables for Exporters with Annual Export Turnover of up to EUR 2 million OU-IP/01-16 (hereinafter: General Terms and Conditions), the terms and conditions on the insurance of short-term export receivables on the basis of direct deliveries and/or services pursuant to the Export contracts concluded between the Foreign buyer and the Exporter are determined, and which are insured by the Croatian Bank for Reconstruction and Development (hereinafter: the Insurer), for and on behalf of the Republic of Croatia.

Article 1 Definitions

In these General Terms and Conditions, the accompanying Insurance policy and the Application for insurance with attachments, the following terms have the following meanings:

Additional costs: Costs arisen due to the actions taken for the purpose of reducing or evading the occurrence of the Damage that relate to hiring of an agency for the collection of receivables, court fees, legal and other expenses that the Insurer has agreed to previously. Additional costs do not relate to the costs of determining the justifiability of the claim.

Foreign buyer: a legal entity or a natural person that has its headquarters or residence outside the Republic of Croatia and that imports or acquires goods and/or services from the Exporter by means of the Export contract;

Exporter: a legal entity or a natural person having its headquarters or residence in the Republic of Croatia that exports or delivers goods or renders services;

Export contract: a contract and/or purchase order for the sale of goods and rendering of services in which the contracting parties are the Insured person and the Foreign buyer;

<Maximum payment period: the arranged maturity date of payment extended by the agreed (tacit, oral or written) deferral of payment between the Insured person and the Foreign buyer that the Insurer is familiar with and that is stated in the Insurance policy;

Indemnity: cash amount paid to the Insured person by the Insurer for the purpose of compensation of Damage arisen for the Insured person as a result of occurrence of the Insured event. The Indemnity may not exceed the amount of the Sum insured reduced by the Retention;

General Terms and Conditions: General Terms and Conditions on Insurance of Short-Term Export Receivables for Exporters with Annual Export Turnover of up to EUR 2 million OU-IP/01-16;

Insured person: Exporter concluding the Insurance contract with the Insurer;

Insurer: HBOR – Croatian Bank for Reconstruction and Development, with headquarters in Zagreb, Strossmayerov trg 9, for and on behalf of the Republic of Croatia;

Sum insured: cash amount for which the insurance is concluded under an individual Foreign buyer stated in the Insurance policy;

Insured risk: risk covered by the insurance, a future, contingent event, independent of the exclusive will of the contracting parties, and defined by these General Terms and Conditions;

Insured event: event caused by an Insured risk on the occurrence of which the Insured person may submit a Claim;

Insurance policy: written document on the concluded Insurance contract signed by the Insurer and the Insured person;

Insurance premium: cash amount that the Insured part shall pay to the Insurer based on the concluded Insurance contract;

Pro rata: manner of allocation of receipts and expenditures between the Insurer and the Insured party that is determined pursuant to Article 14 of the General Terms and Conditions;

Waiting period: time period lasting for three months that starts by the expiry of the Maximum payment period;

Retention: share of the Insured person in the Damage that is determined as percentage in the Insurance policy;

Damage: loss expressed in cash equivalent amount that occurred for the Insured person due to an Insured event;

Standardised contract: contract between the Insured person and the Insurer that is concluded before the payment of Indemnity by which the mutual rights and obligations relating to the recourse collection of receivables from the Foreign buyer are regulated;

Insurance contract: contract between the Insurer and the Insured person, by which the Insured person's claims towards the Foreign buyer arising from the Export contracts are insured;

Application for insurance: written application of the Insured person for the conclusion of the Insurance contract with the Insurer. The Insurer prepares the Application for insurance form.

Article 2 General provisions

- 2.1. The Insurance contract consists of the General Terms and Conditions, the Insurance policy and the Application for insurance with attachments, which all together make the complete text of the Insurance

contract. The Insurance contract is concluded in a written form by signing the Insurance policy by the Insurer and the Insured person, and on the basis of the previously submitted Application for insurance. The date of conclusion of the Insurance contract is the date of signing of the Insurance policy. Should the dates of signing by the contracting parties be different, the Insurance contract shall be deemed concluded on the last signature date.

- 2.2. General Terms and Conditions are a constituent part of the Insurance contract regulating the rights and obligations between the contracting parties arisen from the concluded Insurance contract.
- 2.3. The Insurance policy is a written deed evidencing a concluded Insurance contract, stating the company and headquarters of the Insurer, company name and headquarters, or name and the place of residence of the Insured person and the Foreign buyer, the subject matter of insurance, the Insured risk, the Sum insured, the insurance period, the Maximum payment period, the Insurance premium, the Retention, the date of issue and signing of the Insurance policy and the signatures of the contracting parties.
- 2.4. In case of non-compliance of the provisions of the General Terms and Conditions with the provisions of the Insurance policy, the provisions of the Insurance policy shall prevail.
- 2.5. Application for insurance is an application form of the Insured person for the conclusion of the Insurance contract with the Insurer.
- 2.6. Correspondence between the Insured person and the Insurer shall be made via post office, delivery service, telefax or e-mail. All correspondence must be signed by authorised persons and confirmed by seals of the contracting parties. The Insured person is obliged to submit the original of signed and sealed Application for insurance to the Insurer not later than on the occasion of submission of the original Insurance policy by which the Insurance contract has been concluded.

Article 3 **Subject matter of insurance**

- 3.1. The subject matter of insurance are cash receivables of the insured person from the Foreign buyer for which insurance was approved to the Insured person that have arisen from the deliveries made during the

**goods that are used for nuclear activities for peacetime purposes pursuant to the regulations on radiological and nuclear security*

insurance period under the Export contract and for which an invoice has been issued to the Foreign buyer.

- 3.2. The subject matter of insurance cannot be a receivable arisen from:
 - Export of goods with dual purpose pursuant to the regulations on export of goods with dual purpose which have not obtained an export licence;
 - Export of nuclear material, special equipment and non-nuclear material* for which the consent and the export licence have not been obtained;
 - Contractual interest, accrued compound interest, default interest and contractual penalties that the Insured person has charged to the Foreign buyer;
 - Expenses which, pursuant to the Export contract, have to be incurred by the Insured person, regardless of whether the Foreign buyer has fulfilled its obligations under the Export contract,
 - Export of goods and/or services to the Foreign buyer that is related to the Insured person in terms of management or ownership with a share over 20%;
 - Export of goods and/or services to the Foreign buyer that have been delivered to the Foreign buyer contrary to the legal frameworks of the importing country and the country of the Foreign buyer;
 - Export of goods and/or services that are delivered to the Foreign buyer after the expiry of the insurance cover has been established.

The subject matter of insurance cannot be a receivable arisen from the arrangement and performance of tourism services towards the Foreign buyer.

Article 4 **Currency of the Insurance contract**

- 4.1. The Insurance contract shall be concluded in the currency of the Export contract, and all payments of the Insurance premium and fee for arranging the insurance shall be made in Kuna according to the middle exchange rate of the Croatian National Bank on the date of invoice issued by the Insurer.
- 4.2. Sve isplate po Ugovoru o osiguranju bit će izvršene u kunama prema srednjem tečaju Hrvatske narodne banke na dan isplate.

Article 5 **Insured risks**

- 5.1. Commercial risks are:

1. Prolonged non-payment or delay in payment by the Foreign buyer upon expiry of the Maximum payment term (KR-1);
 2. Insolvency of the Foreign buyer as determined by the applicable law of the Foreign buyer's country or based on other objective facts that indicate to the impossibility of fulfilment of the payment obligation, initiation of a pre-bankruptcy settlement, bankruptcy or liquidation proceedings against the Foreign buyer (KR-2).
- 5.2. Political risks are:
1. War or similar events (PR-1);
 2. Rebellion or revolution (PR-2);
 3. Government measures limiting or impeding transfer or free disposal of payments owed to the Insured person; the same effects shall have the delay of payment for more than 3 months if the Foreign buyer or its guarantor cannot be subject of an initiated bankruptcy or liquidation proceedings on the basis of a court decision (Foreign buyer that is a public law entity)) (PR-3).

Article 6
Duration of insurance

- 6.1. The insurance under an individual Foreign buyer shall start at 00:00 hours on the day stated in the Insurance policy.
- 6.2. The Insurance shall end at 24:00 hours on the day stated in the Insurance policy or it may end:
 - at 00:00 hours on the day of termination of the Insurance contract pursuant to Article 19 of the General Terms and Conditions;
 - by automatic termination of coverage pursuant to Article 7 of the General Terms and Conditions;
 - pursuant to law.

Article 7
Automatic termination of coverage

- 7.1. Coverage of further deliveries towards an individual Foreign buyer shall terminate automatically at the occurrence of an Insured risk as defined in Article 5 of these General Terms and Conditions.
- 7.2. The continuation of insurance (coverage) shall be possible expressly after a written consent of the Insurer has been obtained.

Article 8
Insurance premium

- 8.1. The Insurance premium is stated in the Insurance policy and is paid in advance in a single amount.
- 8.2. The Insured person shall pay the Insurance premium pursuant to the terms and conditions determined in the Insurance policy. However, should the delivery of goods and/or services to the Foreign buyer be made before the expiry of the agreed term for the insurance premium payment, the Insured person shall pay the insurance premium before the delivery of goods and/or services.
- 8.3. Should the Insured person pay the Insurance premium after the payment due date, the Insurer may, for the period from the payment due date until the date of actual payment charge the default interest prescribed by law.

Article 9
Modification of terms and conditions of insurance

In case of becoming aware of the facts that can lead to the increased possibility of occurrence of the Insured risk, the Insurer has right to demand from the Insured person to suspend further deliveries to the Foreign buyer. In such case, the Insurer may consider the possibility of refunding to the Insured person a proportion of the paid Insurance premium. The Insured person is obliged to request a written consent of the Insurer for the continuation of deliveries to the Foreign buyer.

Article 10
Main obligations of the contracting parties

- 10.1. The Insurer is obliged:
 - to express its opinion on the justifiability of the Claim within one month from the date of receipt of the Claim with all documentation and
 - in case of the occurred Damage and the acceptance of the Claim submitted by the Insured person, to pay the Indemnity.
- 10.2. At the moment of delivery of goods and/or services, the Insured person must not have any receivables due from the Foreign buyer.
- 10.3. Main obligations of the Insured person are as follows:

- To pay the Insurance premium and other fees pursuant to the terms and conditions prescribed by the Insurance contract;
- To perform covered deliveries and issue an invoice to the Foreign buyer in the period of insurance duration;
- within 15 days from the expiry of the Maximum payment period, register with the Insurer its uncollected receivables arisen from the performed and invoiced deliveries of goods and/or services to the Foreign buyer;
- To immediately suspend further deliveries of goods and/or services to the Foreign buyer that has not fulfilled its payment obligation within the Maximum payment period stated in the Insurance contract. For any further delivery to the Foreign buyer, the Insured person shall require a written consent from the Insurer.

Article 11

Special obligations of the Insured person

11.1. Obligations of the Insured person in the case of occurrence of the Insured risk:

1. To inform the Insurer in writing about the occurrence of the Insured risk referred to in Article 5 of these General Terms and Conditions and about any unfulfilled obligations on the part of the Foreign buyer upon the expiry of the Maximum payment term referred to in the Insurance contract. The Insured person shall submit to the Insurer a written notification of the delayed payment on the part of the Foreign buyer within the period of 15 days from the date of expiry of the Maximum payment term;
2. To provide written consent from the Insurer before entering into an agreement on the terms and conditions for rescheduling of debts under the Export contract concluded with the Foreign buyer;
3. To activate collateral for the collection of receivables if arranged under the Export contract and inform the Insurer on the measures implemented;
4. In the most appropriate way, substitute turn to account the goods covered by the insurance at the request of, or in agreement with, the Insurer;
5. In case of arranging the first rescheduling of debt with the Foreign buyer, and if the Foreign buyer fails to meet its obligations under the arranged rescheduling, the Insured person shall carry out

the obligations stipulated by items 1 and 3 of this paragraph. In case of delay of payment under the arranged first rescheduling, the Insurer shall determine the new start of the Waiting period.

6. All amounts received by the Insured person under the Export contract after the realisation of the Insured risk, regardless of their declared purposes, shall be allocated to the insured and uninsured portion of receivables of the Insured person against the Foreign buyer under the Export contract, in the proportion calculated on the basis of the share of possible Indemnity in the total receivables of the Insured person against the Foreign buyer under the Export contract as of the date of the realisation of the Insured risk.

11.2. Obligations of the Insured person before the payment of Indemnity

Before the payment of Indemnity, the Insured person shall conclude a standardised contract with the Insurer, by which the amount of Indemnity shall be determined as well as the rights and obligations of the Insured person and the Insurer in relation to actions that have to be undertaken after the payment of Indemnity for the purpose of collection of entire receivables under the Export contract.

Standardised contract may provide for:

1. The obligation of the Insured person to undertake on its own all actions required for the collection of total receivables under the Export contract, i.e. to initiate and conduct the collection of total receivables arisen from the Export contract, with the obligation of compulsory exercise of the Insurer's rights under the paid Indemnity, and it shall for that purpose undertake all necessary actions and enter into all agreements necessary for the collection of total receivables under the Export contract. Within 15 days from receipt, the Insured person is obliged to forward to the Insurer pro rata all receipts received under the Export contract, as well as all other receipts received from the Foreign buyer regardless of the declared purpose, up to the amount of Indemnity plus Additional expenses and default interest pertaining to the Insurer for the period after the payment of the Indemnity or

2. The obligation of the Insured person to assign to the Insurer all its rights under the Export contract (including the Insured person's share in the receivable from the Foreign buyer), and it shall for that purpose undertake all actions and enter into all agreements necessary for the collection of total receivables under the Export contract. If collateral has been agreed upon, the Insured person shall transfer it to the Insurer. The Insurer shall, after the collection of receivables under the Export contract, assign to the Insured person all amounts exceeding the amount of paid Indemnity, less any costs incurred by the Insurer to recover them, plus default interest attributable to the Insurer for the period after the Indemnity payment.

11.3. Obligations of the Insured person after the Indemnity payment:

1. Pursuant to the obligations assumed by the Standardised contract, with diligence of a prudent businessman, to ensure the collectability and legal merits of receivables arisen from the Export contract, e.g. to conduct and participate in legal and other proceedings of enforced collection of receivables, regularly inform the Insurer on all circumstances relating to its rights under the Export contract,
2. If the Insurer does not require the assignment of receivables from the above paragraph or should it be impossible, the Insured person shall also represent the Insurer's rights under the Insurance contract and exercise them in enforceable manner, and shall undertake all the necessary actions and enter into all agreements necessary for the collection of receivables and protection of rights under the Export contract, use all collateral and other legal, contractual or other necessary measures, and shall, within 15 days from the receipt, transfer to the Insurer pro rata everything that the Insured person receives under the Export contract, as well as any other receipt from the Foreign buyer, up to the amount of paid Indemnity plus Additional expenses and default interest attributable to the Insurer for the period after the payment of Indemnity. The described obligation of the Insured person exists regardless of the declared purpose of receipt.
3. To accept the terms and conditions of debt rescheduling under the Export contract that the Insurer, after having paid the Indemnity, has

agreed with the Foreign buyer or its successor relating to debt collection. The mentioned obligation of the Insured person exists in relation to rescheduling of the Insured person's claim remaining after the payment of Indemnity;

4. If the Claim relates to goods comprised under the Insurance which are at disposal of the Insured person, the Insured person shall immediately at the request of the Insurer substitute turn to account (in the most appropriate way), and to assign to the Insurer pro rata the income up to the amount of the Indemnity. At the Insurer's request, the goods shall be pledged to the Insurer;
5. Should after the payment of Indemnity the Insurer establish that the Insured person was not entitled to the Indemnity or was not entitled to the Indemnity in the paid amount, the Insured person shall be obliged to refund the Indemnity in whole amount, or its disputable portion, respectively, with accompanying costs and default interest incurred by the Insurer from the day of Indemnity payment until the day of Indemnity, or disputable portion of Indemnity refund, respectively, all within 14 days from the date of receipt of the Insurer's written notice. The Insurer may request appropriate collateral from the Insured person for the purpose of securing the refund of Indemnity or its disputable portion.

11.4. Obligations of the Insured person during the Insurance contract:

1. To inform the Insurer in writing, completely and accurately, immediately upon becoming aware of any such fact, about any change of the data given in the Application for insurance, all circumstances necessary for assessment of risks and circumstances that might jeopardise the due performance of the Export contract, and any change in the mentioned circumstances;
2. To provide a written consent of the Insurer prior to any significant amendment to the Export contract, particularly in the case of:
 - Amendments to the Maximum payment periods,
 - Amendments to collateral, if collateral has been agreed;
3. To give a written consent to the Insurer to call for payment, on its behalf, the Foreign buyer in case of occurrence of the Insured risk;

4. At any time, at the request of the Insurer, submit the complete documentation necessary for the evaluation of the Export contract implementation and the justifiability of the Claim. At the request of the Insurer, the Insured person shall allow insight into the originals of the mentioned documents and submit notarised photocopies of such documents;
 5. In emergency events (e.g. the possible prevention of occurrence of an Insured event, prevention or reduction of Damage etc.), to act independently with diligence of a prudent businessman and to immediately inform the Insurer thereon;
 6. To cooperate with the Insurer in the implementation of collection procedure of receivables arisen from the Export contract, until their termination, by submitting to the Insurer any available information and by providing insight to the Insurer into all available documentation relating to the Foreign buyer, the Export contract and Exporter's receivable. The Insured person shall not compete against the Insurer's receivable or the attempts of collection relating to the subject matter of insurance under the Insurance contract.
- 11.5. The Insured person shall obey the instructions of the Insurer on taking actions for the purpose of reducing potential and/or already arisen Damage and ensuring the collection of receivables from the Foreign buyer. The Insurer shall at any time give instructions to the Insured person, acting thereby reasonably, by requesting to undertake only such actions that are appropriate with regard to the valid regulations and good business practice.

Article 12
Insured event

- 12.1. Insured event is an event caused by the Insured risk based on which the Insured person can file a Claim.
- 12.2. The Insured event, in terms of commercial risks, occurs in one of the following events:
 1. By expiry of the Waiting period during which the Foreign buyer has not paid the debt provided that all obligations of the Insured person under the Export contract have been met;
 2. On the day when the decision on the initiation of a pre-bankruptcy, bankruptcy or liquidation proceedings against the Foreign buyer by the competent body became final. In such case, the Insured person shall submit to the Insurer evidence on the initiation of a pre-

bankruptcy, bankruptcy or liquidation proceedings against the Foreign buyer and the evidence on entering of the Insured person's receivables into the pre-bankruptcy proceedings, or the evidence on the entering of the Insured person into the bankruptcy or liquidation assets.

3. On the day of conclusion of court or out-of-court settlement of the Insured person with the Foreign buyer relating to the insurance subject matter;

12.3. Exceptionally, should the Insured person submit to the Insurer evidence on:

1. Unprofitability of taking any measures against the Foreign buyer owing to the lack of debt collection prospects, particularly since it is not probable that the initiation of bankruptcy proceedings or any other enforced collection proceedings would result in the collection of receivables,
2. Suffered loss caused by a difference in price on the occasion of substitute turning to account carried out for the purpose of reducing the Damage,

the Insurer may interpret the submitted evidence as evidence on the occurrence of the Insured event.

12.4. Insured event shall be deemed any other event that, in accordance with the governing regulations of the Foreign buyer's country, may be considered identical to the Insured events referred to in paragraph 12.2, items 2 and 3 of this Article 12.

12.5. With regard to political risks, an Insured event occurs at the expiry of the Waiting period and the submission of evidence on the occurrence of any of the insured political risks in accordance with Article 5 of these General Terms and Conditions.

12.6. The Waiting period shall not apply to the Insured events referred to in paragraph 12.2, items 2 and 3 and paragraph 12.4 of this Article 12.

Article 13
Claim

- 13.1. A Claim is submitted to the Insurer in writing after the occurrence of the Insured event.
- 13.2. Documents required for the assessment of the Claim are submitted to the Insurer in the form of photocopies. Documents required for the assessment of the Claim are evidence of the

existence of overdue receivables based on the Export contract such as: invoices, single administrative documents, international bills of lading, handover documents and other documents as requested by the Insurer. At the request of the Insurer, the Insured person shall allow the Insurer insight into the original copies of the documents and submit notarised photocopies of such documents on its own cost.

- 13.3. The Insurer may, for the purpose of ascertaining the correctness of the data given in the Claim and the documents required for the assessment of the Claim, request from the Insured person to procure, at its own expense, an opinion of a chartered auditor and/or a permanent expert witness on such data.
- 13.4. The documents required for the assessment of the Claim, which are not in the Croatian or the English language, shall be, at the request of the Insurer, submitted also in the form of certified translation. The cost of translation is borne by the Insured person.
- 13.5. In the case where the Foreign buyer fails to meet its payment obligations due to disputed receivables or commercial complaints, and in other cases of disputed receivables under the Export contract, the Insured person can submit a Claim provided that court, arbitration or other suitable proceedings are initiated for the purpose of collecting payment, and the Insured person shall inform the Insurer accordingly.
- 13.6. If additional collateral has been agreed under the Export contract, the Insured person is obliged, before the submission of the Claim activate such additional collateral and inform the Insurer about the actions taken. In the case of non-settlement or partial settlement of receivables out of additional collateral, the Insured person shall inform the Insurer about the actions taken and may file the Claim. The Insurer shall retain the right to reject the Claim if the non-settlement or partial settlement of receivables out of additional collateral was caused by the Insured person.
- 13.7. The Claim shall be accepted, subject to a right of revocation, in the cases where the following evidence is submitted:
 - a) Evidence on performance of the Insured person's obligations under the Export contract and the Insurance contract,
 - b) Evidence on the non-fulfilment of obligations or the inability to fulfil obligations on the part

- of the Foreign buyer (e.g. Statement of the Foreign buyer on acknowledgment of debt),
- c) Evidence on the realisation of the Insured event referred to in Article 12 of these General Terms and Conditions,
- d) Evidence on the established indisputability of the receivables of the Insured person under the proceedings referred to in paragraph 13.5 of this Article,
- e) Evidence on the acknowledgement of the receivables of the Insured person under pre-bankruptcy, bankruptcy or liquidation proceedings against the Foreign buyer.

- 13.8. As an exception, the Claim can be accepted (subject to a right of revocation) before the circumstances referred to in items d) and e) of the preceding paragraph have been proven provided that the Insured person and the Insurer have entered into a Standardised contract in accordance with Article 11 of the General Terms and Conditions and that the Insurer has received the collateral securing the repayment of paid Indemnity, expenses and accrued statutory default interest should it subsequently be established that the Insured person was not entitled to the Indemnity.
- 13.9. The Insured person shall submit a Claim to the Insurer in accordance with the provisions of this Article because, otherwise, the Insurer shall not be obliged to pay the Indemnity.
- 13.10. A Claim can be submitted no later than one year after the occurrence of the Insured event.
- 13.11. The Insurer shall issue a statement on the justifiability of the Claim within the period of one month from the date of receipt of the Claim supported by complete documentation.

Article 14 Indemnity calculation

- 14.1. Should an Insured event occur caused by the Insured risk, the Insurer shall pay the Indemnity (O) in a total amount that may not exceed the Sum insured reduced by the Retention (S) as set forth in the Insurance policy.
- 14.2. Calculation of Indemnity (O) that the Insurer is obliged to pay to the Insured person shall be based on the amount of the Insured person's total receivables (UP) from the Foreign buyer (without contractual and accrued interest and

contractual penalties) at the moment of occurrence of the Insured risk and denominated in the currency of the Export contract reduced by:

- Receivables incurred before the coverage under the Insurance contract began,
- Receivables that are not the subject matter of insurance in accordance with Article 3 of these General Terms and Conditions.

14.3. In the event of default by the Foreign buyer due to complaints under the Export contract, or in other cases of dispute over the insured receivables, the calculation of Indemnity (O) shall be based on the amount awarded in favour of the Insured person in court, arbitration or other proceedings, after these proceedings become final.

14.4. In case of pre-bankruptcy, bankruptcy or liquidation proceedings against the Foreign buyer, the Indemnity (O) calculation shall be based on the amount of receivables recognised in pre-bankruptcy, bankruptcy or liquidation proceedings.

14.5. Indemnities already paid under the same insured Export contract shall be considered.

14.6. The resulting amount of outstanding receivables shall be reduced, if necessary (i.e. if larger than the Sum insured), to the Sum insured set forth in the Insurance policy, which results in the Insured amount of receivables (OIP).

14.7. Insured amount of receivables (OIP) minus the percentage of retention (S) shall result in the Potential Indemnity (PO).

14.8. Potential Indemnity (PO) shall be divided by the amount of total receivables (UP) of the Insured person under the Export contract (without contractual and accrued interest and contractual penalties) at the moment of the occurrence of the Insured risk. Thus obtained fraction, converted to a percentage, shall represent the Percentage of coverage (PP).

14.9. Any amount of Payment (I) under the Export contract received after the occurrence of the Insured risk, regardless of their declared purpose, shall be multiplied by the Percentage of coverage (PP). The result obtained in such a manner is to reduce the potential Indemnity (PO) and thus give the Indemnity (O).

14.10. All possible deliveries that are invoiced to the Foreign buyer after the occurrence of the Insured risk (uninsured deliveries invoiced after the occurrence of the Insured risk) shall represent a special risk that the Insurer shall, protecting its interests, particularly consider by taking into account their impact on the amount of Indemnity, compensation for Additional expenses and possible subsequent collection from the Foreign buyer.

Article 15

Compensation for Additional expenses

15.1. Additional expenses resulting from actions taken to minimise or avoid the occurrence of the Damage shall be restored to the Insured person, after the Claim, according to the Percentage of coverage (PP) as defined in Article 14 paragraph 14.8 of the General Terms and Conditions, provided that the actions were taken after having received the instructions or with the consent of the Insurer and provided that the conditions for the acceptance of the Claim are met.

15.2. If the Insurer is not obliged to pay any Indemnity, because the receivables have been collected from the Foreign buyer in full or partially, Additional expenses resulting from attempted collection can be compensated according to the Percentage of coverage (PP).

15.3. Percentage of coverage (PP) shall be multiplied by the sum of the amount of Additional expenses (IT) in accordance with paragraphs 15.1 and 15.2 of this Article. The amount of compensation for Additional expenses (T) shall be obtained in such a manner.

15.4. Regular expenses incurred during the export transaction in the Insured person's business operations as well as expenses related to establishing the validity of the Claim shall not be compensated.

Article 16

Maturity of Indemnity and compensation for Additional expenses

Provided that the Insured person acted according to Insurer's instructions and requirements in line with the Insurance contract, in particular related to the obligation to conclude the Standardised contract in accordance with Article 11 of the General Terms and Conditions:

- Indemnity and compensation for Additional expenses for receivables that, under the Export contract, fell due *before* the acceptance of the Claim shall fall due 15 days after the acceptance of the Claim, and
- Indemnity and compensation for Additional expenses for receivables that, under the Export contract, fall due *upon* the acceptance of the Claim shall fall due on the days defined in the Export contract. Acceleration of maturity contracted with the Foreign buyer does not apply in relation to the Insurer.

Article 17

Proceedings for realisation of the Insured person's rights

The Insured person may initiate the legal proceedings for the protection of its rights under the Insurance contract, if the Insurer:

- refuses the Claim or revokes the acceptance of the Claim or
- fails to issue a statement in the period of one month after the receipt of a fully documented Claim in accordance with Article 13 of these General Terms and Conditions or
- cancels the Insurance contract unjustifiably.

Article 18

Exclusion of the obligation to pay Indemnity

18.1. The Insurer is not liable to pay Indemnity if the Insured person violates, by any action and/or omission, any provision of the Insurance contract, and particularly:

1. if the insurance premium is not paid on time and in full;
2. for deliveries of goods and/or services which were not performed and for which invoices were not issued within the period of the duration of insurance;
3. if, at the moment of delivery of goods and/or services, the Insured person had due receivables against the Foreign buyer;
4. if the Insured person, without a written consent of the Insurer, performed further deliveries of goods and/or services to the Foreign buyer who did not fulfil an obligation within the agreed Maximum payment period;
5. if the Insured person failed, within 15 days from the expiry of the Maximum payment period, to register with the Insurer its uncollected receivables arisen from the performed and invoiced deliveries of goods and/or services to the Foreign buyer;
6. in cases of disputed receivables under the Export contract;

7. if the Insured person is co-responsible for the occurred Damage;
8. if prepayment contracted by the parties under the Export Contract, and which was the condition for contracting of the insurance, has not been paid;
9. if the Insured person violates the provisions of the Export contract or local or foreign regulations;
10. if the Insured person, at the moment of submitting an Application for insurance and/or at the moment of entering into Insurance contract, knew or should have known:
 - that it was impossible for the Foreign buyer to fulfil the Export contract,
 - that the Foreign buyer was insolvent or that pre-bankruptcy, bankruptcy or liquidation proceedings were instituted against the Foreign buyer;
11. if the Insured person has given false or incomplete information to the Insurer, in particular if such information has been given in the Application for insurance or if the Insured person has suppressed any circumstance whose significance is such that the Insurer would not have entered into the Insurance contract had that circumstance been known to the Insurer;
12. if the Insured person does not submit a Claim in accordance with the provisions of Article 13 of these General Terms and Conditions.

18.2. Should the Insurer accept the Claim, but should subsequently any circumstances occur that cause the exclusion of the Insurer's liability in accordance with paragraph 18.1 of this Article or should the Insured person, by any action and/or omission, prevent and/or significantly complicate the exercise of rights for the Insurer contained in the Standardised contract referred to in Article 11 of the General Terms and Conditions, the initial acceptance shall be revoked. In such cases, the Insured person is obliged to refund to the Insurer the amount already received for Indemnities and compensation for Additional expenses together with default interest in the amount prescribed by the law within 14 days from the Insurer's written notice. If the Standardised contract stipulates the instruments referred to in Article 13 paragraph 13.8 of the General Terms and Conditions, the Insurer is entitled to collect payments in accordance with the contracted collateral.

18.3. In the event of court, arbitration or other proceedings between the Insured person and the Foreign buyer and/or the Insurer and the Foreign buyer related to the Export contract, and the Insurer accepting the Claim in full or in part, the Insured person is obliged to refund to the Insurer

the amount received for Indemnities and compensation for Additional expenses together with default interest in the amount prescribed by the law from the date of payment until the date of refund within 14 days from the final resolution made in favour of the Foreign buyer. If the Standardised contract stipulates the instruments referred to in Article 13 paragraph 13.8 of the General Terms and Conditions, the Insurer is entitled to collect payments in accordance with the contracted collateral. The Insured person is not obliged to refund the amount received for Indemnities if the resolution made in favour of the Foreign buyer is caused by the Insurer's fault.

- 18.4. Notwithstanding the provisions of this Article, the Insurer may decide to pay Indemnity, in part or in full, if non-compliance with obligations under the Insurance contract by the Insured person is not significant, or if it did not/would not affect the decision of the Insurer about the risk taking, did not affect the realisation of the Insured risks and did not affect the possibility of recourse from the Foreign buyer. In case of partial Indemnity payment, the amount of Indemnity shall depend on the degree of non-compliance with the obligations on the part of the Insured person.

Article 19 **Termination of Insurance contract**

- 19.1. The Insurance contract may be terminated by written agreement between the Insurer and the Insured person, which determines the date of termination of the Insurance contract.
- 19.2. The Insurer may terminate the Insurance contract with immediate effect if the Insured person fails to obey the provisions of the Insurance contract, particularly - but not exclusively - if:
- the information supplied in the Application for insurance or any other information provided by the Insured person to the Insurer is inaccurate and/or incomplete or if the Insured person has suppressed any circumstance whose significance is such that the Insurer would not have entered into the Insurance contract had that circumstance been known to the Insurer or
 - the Insured person fails to meet its main liabilities referred to in Article 10 paragraphs 10.2 and 10.3 of the General Terms and Conditions.
- 19.3. The Insured person may in writing terminate the Insurance contract if the Insurer fails to obey the provisions of the Insurance contract. The paid

Indemnity and compensation shall be refunded if the Insured person proves that the Insurance contract has been cancelled justifiably.

- 19.4. Other manners of terminating the Insurance contract are regulated by the Croatian legislation in force.

Article 20 **Assignment of rights under the Insurance contract to third parties**

The Insured person may assign the rights under the Insurance contract to another person via a contract. The Insured person must inform the Insurer in writing about any intended assignment of rights under the Insurance contract. Such an assignment shall be valid only if and after the Insurer explicitly accepts it in writing. Furthermore, for any subsequent assignment, an explicit prior written acceptance given by the Insurer shall be necessary. The assignment shall not affect the existence of other Insured person's obligations towards the Insurer under the Insurance contract and particularly Articles 10 and 11 of the General Terms and Conditions.

Article 21 **Exclusion of right to abandonment**

Without the Insurer's consent, the Insured person shall have no right to abandon the rights and property relating to the Export contract in favour of the Insurer after the occurrence of the Insured risk, and in turn to request the payment of the Indemnity from the Insurer.

Article 22 **Resolution of disputes and governing law**

- 22.1. The parties to the contract agree that the laws of the Republic of Croatia in force shall be applied to the Insurance contract.
- 22.2. 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 life of the Insurance contract. Should such negotiations fail, the parties may strive to resolve the disputes through conciliation and/or arbitration, otherwise the competent court in Zagreb shall have jurisdiction.

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