

**Programme for the Insurance of Short-Term Export Receivables for SMEs with Annual Export Turnover of**

**up to EUR 2 million**

KI–IP/01-18

**PROGRAMME FOR THE INSURANCE OF SHORT-TERM EXPORT RECEIVABLES FOR SMEs WITH ANNUAL EXPORT TURNOVER OF UP TO EUR 2 MILLION**

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*All terms used in this Programme are defined 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.*

1. **Goal of insurance**

HBOR as insurer for and on behalf of the Republic of Croatia, within its existing export credit insurance programmes offers the Programme for the Insurance of Short-Term Export Receivables for SMEs with Annual Export Turnover of up to EUR 2 million as an additional measure of export promotion intended for SMEs with an annual export turnover of up to EUR 2 million and SMEs exporting their goods and services for the first time provided that their annual export turnover must not exceed EUR 2 million regardless of their Foreign buyers’ countries (EU, OECD or other countries).

The Programme will be implemented until the end of 2024, with the possibility of prolongation of the implementation period.

Applicants are not automatically entitled to obtain insurance, but HBOR makes a decision on each individual application for insurance.

The Programme for insurance is an additional promotional measure of HBOR for small and medium-sized businesses engaged in export business that should enable them to offer competitive payment terms and conditions to their Foreign buyers and protect them from the risk of non-payment.

Goal of the insurance is:

* + To improve the competitiveness of Exporters,
	+ To identify new Foreign buyers,
	+ To enter new foreign markets,
	+ To achieve growth of operating income from abroad,
	+ To protect Exporters from the risk of non-payment by the Foreign buyer and to maintain their liquidity,
	+ To manage the Exporter’s receivables from abroad in a better-quality manner,
	+ To maintain the existing and create new jobs of the Exporter.

The Programme is in compliance with the terms and conditions that state-owned export credit insurers are allowed to offer in the segment of insurance of short-term export receivables from debtors in the EU and OECD countries, and further to the EU regulation regarding the market competition. Pursuant to the valid Exemption Clause relating to the insurance of short-term export receivables, HBOR may also insure risks that relate to the collection of short-term receivables from debtors from the EU and OECD for SMEs with an annual export turnover of up to EUR 2 million.

1. **Beneficiaries of insurance**

Small and medium-sized enterprises, exporters of goods and services with an annual export turnover of up to EUR 2 million or small and medium-sized enterprises exporting their goods and services for the first time provided that their annual export turnover must not exceed EUR 2 million and that:

* Are registered in the Republic of Croatia
* Are arranging or have arranged an export transaction with a Foreign buyer,
* Arrange a deferral of payment of up to 180 days with Foreign buyers,
1. **Subject matter of insurance**

Short-term cash receivables based on performed and invoiced deliveries of goods and/or services towards the Foreign buyer during the insurance period with the maximum payment periods of 180 days.

1. **Insurance scheme**



1. The Exporter concludes an Export contract with the Foreign buyer;
2. The Exporter arranges insurance with HBOR and pays the insurance premium;
3. The Exporter delivers goods or renders services to the Foreign buyer;
4. In the event that the Foreign buyer fails to pay for the goods or services to the Exporter, the Exporter submits Claim to HBOR, and HBOR pays Indemnity to the Exporter.

**5. Insured risks**

The Programme includes the coverage of risk of non-payment by the Foreign buyer due to the occurrence of:

*Commercial risks*

* 1. Prolonged non-payment and delay in payment of the Foreign buyer upon maturity of the Maximum payment period,
	2. Insolvency of the Foreign buyer or other objective facts that indicate to the impossibility of fulfilment of a payment obligation, initiation of a pre-bankruptcy settlement, bankruptcy or liquidation procedure against the Foreign buyer.

and

*Political risks*

* 1. War and warlike events,
	2. Rebellion and revolution,
	3. Government measures limiting or impeding transfer or free disposal of payments owed to the Exporter for a period longer than 3 months.

**6. Coverage percentage**

The maximum arranged coverage percentage is 95%.

**7. Sum insured**

The sum insured represents the cash amount for which the insurance has been concluded for an individual Foreign buyer. The Sum insured is approved in the currency of the export contract and may not exceed EUR 50,000.00.

**8. Insurance premium**

The Insurance premium is the cash amount paid by the Exporter to HBOR for risks (commercial and political) taken, and is charged one-off in advance on the occasion of concluding the Insurance contract. The Insurance premium shall be paid by the Exporter before the delivery of goods or rendering of services to the Foreign buyer. The Insurance premium does not depend on the arranged coverage percentage.

The Insurance premiums for the volumes of Sums insured and for insurance periods of three, six and twelve months are presented in the table below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Sum insured** **(EUR)** | **Annual Insurance premium (EUR)** | **Semi-annual Insurance premium (EUR)** | **Quarterly Insurance premium (EUR)** |
| 1,000 – 2,500 | 43 | 24 | 12 |
| 2,501 – 5,000 | 86 | 47 | 25 |
| 5,001 – 7,500 | 129 | 71 | 37 |
| 7,501 – 10,000 | 172 | 95 | 49 |
| 10,001 – 12,500 | 215 | 118 | 62 |
| 12,501 – 15,000 | 258 | 142 | 74 |
| 15,001 – 17,500 | 301 | 166 | 87 |
| 17,501 – 20,000 | 344 | 189 | 99 |
| 20,001 – 22,500 | 387 | 213 | 111 |
| 22,501 – 25,000 | 430 | 237 | 124 |
| 25,001 – 27,500 | 473 | 260 | 136 |
| 27,501 – 30,000 | 516 | 284 | 148 |
| 30,001 – 32,500 | 559 | 307 | 161 |
| 32,501 – 35,000 | 602 | 331 | 173 |
| 35,001 – 37,500 | 645 | 355 | 185 |
| 37,501 – 40,000 | 688 | 378 | 198 |
| 40,001 – 42,500 | 731 | 402 | 210 |
| 42,501 – 45,000 | 774 | 426 | 223 |
| 45,501 – 47,500 | 817 | 449 | 235 |
| 47,501 – 50,000 | 860 | 473 | 247 |

\* All payments of the insurance premium are made in HRK equivalent value at the middle exchange rate of the Croatian National Bank on the invoice date delivered by HBOR.

**9. Insurance arrangement**

For the arrangement of insurance with HBOR, the Exporter is obliged to submit the following:

* Application for insurance with data on the Foreign buyer, the Maximum payment periods, desired duration of insurance and the beginning of insurance duration on the form compiled by HBOR,
* Creditworthiness report of the Foreign buyer (can be provided by HBOR for and on behalf of the Exporter).

After processing of the Application for insurance and risk assessment, HBOR submits to the Exporter the Insurance policy to be signed accompanied by the pertaining General Terms and Conditions. The Insurance contract is deemed concluded when the Insurance policy is signed by the Exporter and HBOR.

The Insurance contract has the following constituent parts:

* Application for insurance with enclosures,
* 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 and
* Insurance policy.

According to the needs of the Exporter, and after the expiry of the Insurance policy, HBOR may consider to issue a new Insurance policy for the Foreign buyer that had already been insured at HBOR. In such case, the Exporter is obliged to submit new documentation necessary for the arrangement of insurance (Application for insurance and new creditworthiness report of the Foreign buyer, if any).

**10. Duration of insurance**

The duration of insurance may be arranged for a period of 3 or 6 or 12 months, pursuant to the Exporter’s needs. The deliveries of goods or services abroad must be delivered and rendered and invoices issued within the period of insurance duration.

**11. Application management fee**

The Application management fee shall be calculated and charged on a one-time basis, upon the conclusion of the Insurance contract and amounts to HRK 100.00.

**12. Main obligations of the Exporter**

* To pay the Insurance premium to HBOR before delivery,
* At the time of delivery of goods and/or services, the Exporter must not have overdue receivables from the Foreign buyer pursuant to the Maximum payment period,
* To perform and invoice the deliveries of goods and/or services to the Foreign buyer in the insurance period,
* Within 15 days from the expiry of the Maximum payment period, the Exporter must inform HBOR on the delay in payment by the Foreign buyer and the amount of overdue receivable,
* In case of delay in payment by the Foreign buyer, the Exporter is obliged, immediately upon maturity of the Maximum payment period to suspend further deliveries of goods and/or services to the Foreign buyer.

**13. Insured event**

Insured event is a damaging event which occurs depending on the type of non-payment risk, and on the basis of its occurrence, the Exporter may submit a claim.

**An insured event for commercial risks occurs:**

* For the risk of prolonged non-payment – by the expiry of the Waiting period during which the Foreign buyer has not made the debt payment, provided that all obligations of the Exporter’s obligations under the Export contract have been fulfilled.
* For the risk of the Foreign buyer’s insolvency – by providing evidence to HBOR on the initiation of a pre-bankruptcy, bankruptcy or liquidation procedure against the Foreign buyer, the evidence on the registration of the Exporter’s receivables in the pre-bankruptcy procedure, and the evidence on entering the Exporter’s receivables into the bankruptcy or liquidation assets; or
* By concluding a settlement out of court between the Exporter and the Foreign buyer; or exceptionally
* By providing evidence to HBOR on the uselessness or unprofitability of taking any kind of measures against the Foreign buyer due to the low prospects of receivables collection, since it is not possible to expect that the initiation of a bankruptcy procedure or other compulsory collection procedures will result in a collection of receivables.
* By providing evidence that the Exporter has suffered losses as a result of difference in price on the occurrence of Substitute turning to account implemented for the purpose of reducing the Damage.

**An insured event for political risks occurs:**

* By the expiry of the Waiting period and by providing evidence by the Exporter on the occurrence of an insured political risk.

**14. Waiting period**

The time period of 3 months starting from the expiry of the Maximum payment period during which the Exporter, in agreement with HBOR, undertakes the agreed activities for the purpose of reducing the Damage and the collection of receivables from the Foreign buyer.

**15. Claim**

A Claim can be submitted to HBOR by the Exporter when the Insured event has occurred. The Exporter’s Claim is submitted to HBOR in writing together with the documentation that provides evidence on the due fulfilment of obligations under the Export contract towards the Foreign buyer, or the evidence on the existence of receivables, respectively. HBOR is obliged, within 1 month from the receipt of the Claim, to express its opinion to the Exporter regarding the submitted Claim. If the Claim is accepted, Indemnity shall be paid within 15 days. The Claim can be submitted to HBOR not later than one year from the occurrence of the Insured event.

**16. Indemnity**

Indemnity represents the cash amount that is disbursed to the Exporter for the purpose of compensation of Damage, to the maximum amount of the Sum insured reduced by the Retention, which represents the Exporter’s share in the damage and amounts not less than 5%. Before the payment of Indemnity, the Exporter is obliged to conclude with HBOR a contract regulating their mutual relations and arrange the undertaking of further activities relating to the procedure of recourse collection of receivables.



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