

General Terms and Conditions on Supplier Credit Insurance OU-KD-01/21

Preamble

The General Terms and Conditions on Supplier Credit Insurance OU-KD-01/21 determine the conditions of insurance of Exporter's receivables arising from the export of goods and/or services under the Export Contract with deferred payment and/or insurance of Manufacturing Costs incurred due to the impossibility to fulfil the Export Contract, as a result of the occurrence of the Insured Risk, insured by Hrvatska banka za obnovu i razvitak 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:

- **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:** percentage of the value of the Croatian share in the Export Contract that is eligible for insurance and that is stated in the Application for Insurance;
- **Foreign Buyer:** any entity performing an economic activity, regardless of its legal form, which has registered its headquarters outside the Republic of Croatia and with which the Exporter has concluded an Export Contract;
- **Export Contract:** purchase contract concluded in writing (including order and acceptance of order, 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 entity performing an economic activity, regardless of its legal form, which has concluded an Export Contract with a Foreign Buyer;
- **Supplier Credit:** Exporter's monetary receivables from the Foreign Buyer under the Export Contract for which deferred payment has been agreed;
- **Credit Risk:** event that occurs when the Exporter is not able to collect the amount owed to it under the Export Contract, provided that the non-payment is a direct and exclusive consequence of the occurrence of the Insured Risk;
- **Indemnity:** amount of money that the Insurer pays to the Insured as compensation of the Loss incurred by the Insured as a result of the occurrence of the Insured Event;
- **Claim:** written request for payment of Indemnity submitted by the Insured to the Insurer in accordance with the provisions of Article 11 of these General Terms and Conditions;

- **OECD Recommendation on Sustainable Lending Practices on Export Credits:** current Recommendation on Sustainable Lending Practices on Export Credits and Export Credit Insurance in effect of countries of the Organisation for Economic Co-operation and Development (OECD);
- **OECD Recommendation on Environmental Protection and Impact on the Society:** current Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence of countries of the OECD;
- **OECD Arrangement:** Arrangement on Officially Supported Export Credits of the OECD;
- **General Terms and Conditions:** General Terms and Conditions on Insurance of Supplier Credit OU-KD-01/21;
- **Insured Sum:** amount of money on which the insurance has been concluded and which is stated in the Insurance Policy, which can be increased by regular interest in case of Credit Risk in accordance with these General Terms and Conditions;
- **Insured Risk:** risk covered by insurance representing a future, uncertain event, independent of the exclusive will of the Insured, which is specifically defined in Credit Risk and Manufacturing Risk;
- **Insured Event:** harmful event caused by Insured Risk;
- **Insured:** Exporter having concluded the Insurance Contract with the Insurer, in addition to the Exporter, the Insured may also be an economic entity with the headquarters in the Republic of Croatia if the Exporter is a subsidiary or affiliated company in its majority ownership;
- **Insurer:** HBOR - Hrvatska banka za obnovu i razvitak, Croatian Bank for Reconstruction and Development, with the headquarters in Zagreb, for and on behalf of the Republic of Croatia;
- **Insurance Policy:** written document on the concluded Insurance Contract;
- **Insurance Premium:** amount of money collected by the Insurer for the risk assumed under the Insurance Contract;
- **Manufacturing Costs:** direct and overhead costs necessary in the manufacturing process for the manufacturing of goods and/or performance of services contracted under the Export Contract, which can be directly attributed to the Export Contract. In the event that the services of a subcontractor or supplier are used in full for the manufacturing of goods and/or performance of services under the Export Contract, the Manufacturing cost shall be the contract value to be paid by the Exporter to the subcontractor or supplier and not the Manufacturing costs of the subcontractor or supplier;
- **Waiting Period for Credit Risk:** time period lasting for 3 months from the maturity of the monetary receivables under the Export Contract not collected by the Exporter from the Foreign Buyer due to the occurrence of any of the Insured Risks related to the Credit Risk, unless otherwise provided for in the Insurance Policy;
- **Waiting Period for Manufacturing Risk:** time period lasting for 6 months from the date of delivery of written statement to the Insurer about the impossibility to fulfil and reason for non-fulfilment of the contractual obligations under the Export Contract by the Exporter due to the occurrence of any of the Insured Risks related to the Manufacturing Risk, unless otherwise provided for in the Insurance Policy;

- **Manufacturing Risk:** event that occurs when the Exporter is not able to fulfil the obligations under the Export Contract provided that the non-fulfilment of the Export Contract is a direct and exclusive consequence of the occurrence of the Insured Risk;
- **Retention:** share of the Insured in the Loss expressed as a percentage (10%), unless otherwise provided for in the Insurance Policy;
- **Loss:** loss expressed as an amount of money 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 that provides cover for the receivables against the occurrence of the Credit Risk and/or the Manufacturing Risk;
- **Recovery Contract:** contract between the Insured and the Insurer executed before the payment of Indemnity that regulates, among others, their rights and obligations relating to the collection of the receivables under the Export Contract 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, other written applications and/or notices of the Insured and written statements in connection with them of the Insurer, for the inclusion of which in the Insurance Contract it is not necessary to conclude an addendum to the Insurance Contract.
- 2.2. The Insurance Contract is executed 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 and the Foreign Buyer, the Subject Matter of Insurance, the Insured Sum, the Retention, the Duration of Insurance, the Insurance Premium, 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. The provisions relating to the Credit Risk shall not apply to the rights and obligations of the Insurer and the Insured if the coverage of the Manufacturing Risk only is provided for in the Insurance Policy.
- 2.5. The provisions relating to the Manufacturing Risk shall not apply to the rights and obligations of the Insurer and the Insured if the coverage of the Credit Risk only is provided for in the Insurance Policy.

- 2.6. 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.
- 2.7. If the Insurer submits the original copies of the Insurance Policy to the Insured for signature, the Insured shall return the Insurer's signed original. 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.
- 2.8. 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 computer-generated confirmation of proper delivery to the e-mail address of the other party to the contract or 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 Export Contract, 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 HRK equivalent value at the middle exchange rate of the Croatian National Bank 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 HRK equivalent value at the middle exchange rate of the Croatian National Bank 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 HRK or in HRK equivalent value at the middle exchange rate of the Croatian National Bank 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 HRK equivalent value at the middle exchange rate of the Croatian National Bank on the date of payment, unless otherwise provided for in the Insurance Policy.

Article 4 Duration of Insurance

Duration of Insurance is provided for in the Insurance Policy. The start date of the Duration of Insurance may be earlier than the date of Insurance Contract execution, if the preconditions provided for in the Insurance Contract are met.

Article 5

Insurance Premium

- 5.1. The Insurer determines the amount and the method of calculation and payment of the Insurance Premium. The calculation and payment of the Insurance Premium can be as follows:
 - One-off payment on the occasion of the execution of the Insurance Contract with calculation for the entire Duration of Insurance by applying the premium rate to the amount of the Insured Sum, or
 - Successive payment upon export declaration with calculation by applying the premium rate to the amount of the value of goods and/or services exported, invoiced and reported to the Insurer under the Export Contract.
- 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.
- 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.
- 5.4. At the request of the Insured, the Insurer may agree to return the Insurance Premium in the event of the termination of the Insurance Contract by mutual agreement:
 - If the Export Contract has not entered into force, i.e. the manufacturing process has not begun or the fulfilment of the Export Contract has not started, which means that the insurance coverage has not started, in which case the Insurer shall return the collected Insurance Premium in full;
 - After the beginning of manufacturing process or the start of fulfilment of the Export Contract and insurance coverage, and the Insurance Contract is terminated by mutual agreement at least 3 months before the expiry of the Duration of Insurance, in which case the Insurer shall recalculate the Insurance Premium in accordance with the same methodology and calculation assumptions valid at the time of insurance approval, in accordance with the actual duration of insurance and the amount of actual Manufacturing Cost/exported goods and/or services until the termination of the Insurance Contract, and shall return the difference to the Insured reduced by 0.15% of the amount of collected Insurance Premium.

Article 6

Subject Matter of Insurance

- 6.1. Subject Matter of Insurance in case of Credit Risk coverage is a monetary receivable of the Exporter from the Foreign Buyer, insured in accordance with the agreed Insured Risk up to the amount of the Insured Sum, that:
 - Includes the principal resulting from the deliveries of goods and/or services made during the period of Duration of Insurance in accordance with the terms and conditions and agreed payment deadlines under the Export Contract or the Insurance Contract;
 - May include contractual regular interest under the Export Contract accrued until the maturity date of the insured principal referred to in the previous subparagraph of this Article in accordance with the agreed payment deadlines, if so provided for in the Insurance Policy.
- 6.2. Subject Matter of Insurance in case of Credit Risk coverage does not include monetary receivables of the Exporter:
 - Under the Export Contract having matured on the date of the execution of the Insurance Contract;

- Resulting from the interest on interest and/or penalty interest and/or contractual penalties and fees for losses charged by the Insured to the Foreign Buyer under the Export Contract;
 - Resulting from the export of goods and/or services performed to the Foreign Buyer after the period of Duration of Insurance or after the termination of the insurance coverage determined by the Insurer;
 - Resulting from the export of goods and/or services to the Foreign Buyer who is related to the Insured in terms of management or ownership with a share of more than 20%;
 - Resulting from the expenses that the Exporter is obliged to bear in accordance with the Export Contract, regardless of whether the Foreign Buyer has fulfilled its obligations under the Export Contract;
 - Resulting from exports not in compliance with regulations (e.g. exports of arms and/or nuclear equipment and/or dual-purpose goods, for which the necessary export licenses have not been obtained, and goods or exports to countries subject to export sanctions or contrary to the legal framework of the importing country and/or the country of the Foreign Buyer);
 - From the Foreign Buyer under the Export Contract whose repayment period lasts two or more years, if it is not in compliance with the applicable guidelines of the OECD Arrangement;
 - From the Foreign Buyer under the Export Contract if the condition of the Domestic Share contracted in the Insurance Contract is not met;
 - Based on the costs incurred by the Insured in connection with proving the merits of the Claim or the amount of Indemnity under the Claim.
- 6.3. Subject Matter of Insurance in case of Manufacturing Risk coverage is spent Manufacturing cost under the Export Contract in accordance with the agreed Insured Risk up to the amount of the Insured Sum, incurred during the period of Duration of Insurance, if the coverage of the Manufacturing Risk is provided for in the Insurance Contract.
- 6.4. Subject Matter of Insurance in case of Manufacturing Risk coverage does not include Exporter's costs incurred:
- Based on the expected (calculative) profit under the Export Contract;
 - Based on the financial costs related to the Export Contract, such as interest, costs of insurance against usual business risks, costs and fees paid to the Foreign Buyer, etc.;
 - Based on the costs incurred in connection with the goods and/or services under the Export Contract for which the coverage by the Credit Risk Insurance has already started;
 - Based on the amount paid by the Exporter upon the activation of a guarantee or a warranty issued in connection with the Export Contract.

Article 7 Insured Risks

- 7.1. In case of Credit Risk, the Insured Risk occurs when the amounts of money that are the Subject Matter of Insurance mature.

Credit Risk can be realised as:

1. Commercial Risk:
 - a) Insolvency, de jure or de facto - inability to pay on the part of the Foreign Buyer or its guarantor and/or co-debtor under the Export Contract where the Foreign Buyer is a private debtor (KRK1);
 - b) Extended non-payment on the part of the Foreign Buyer - non-payment, i.e. non-performance of obligations by the Foreign Buyer and/or its guarantor and/or co-debtor upon maturity of payment obligations under the Export Contract as well as until the expiration of the Credit Risk 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 a Foreign Buyer, decision of the Republic of Croatia or the country of the Insured preventing payment under the Export Contract or force majeure, where the Foreign Buyer is a private or public debtor (PRK1);
 - b) Extended non-payment on the part of the Foreign Buyer - non-payment, i.e. non-performance of obligations by the Foreign Buyer and/or its guarantor and/or co-debtor upon maturity of payment obligations under the Export Contract as well as until the expiration of the Credit Risk Waiting Period, where the Foreign Buyer is a public debtor (PRK2).

7.2. In case of Manufacturing Risk, the Insured Risk occurs upon the impossibility of fulfilment of the Export Contract on the part of the Exporter in accordance with the agreed terms and conditions and deadlines under the Export Contract.

Manufacturing Risk can be realised as:

1. Commercial Risk:
 - a) Impossibility of fulfilment of the Export Contract on the part of the Exporter caused by events for which the Exporter is not responsible and which occurred on the part of the Foreign Buyer, such as the decision of the Foreign Buyer to terminate or cancel the Export Contract, or to refuse to accept goods and/or services without being entitled to it, insolvency, de jure or de facto, of the Foreign Buyer, where the Foreign Buyer is a private debtor (KRP1).
2. Political Risk:
 - a) Impossibility of fulfilment of the Export Contract on the part of the Exporter caused by events for which the Exporter is not responsible and which occurred on the part of the Foreign Buyer, such as the decision of the Foreign Buyer to terminate or cancel the Export Contract, or to refuse to accept goods and/or services without being entitled to it, where the Foreign Buyer is a public debtor (PRP1);
 - b) Decision of a third country, moratorium, prevention or delay of the fulfilment of the Export Contract, decision of the Republic of Croatia or the country of the Exporter or force majeure, where the Foreign Buyer is a private or public debtor (PRP2).

7.3. Individual terms in this Article have the following meanings:

- **Insolvency, de jure or de facto:** final decision of the competent authority on the opening of pre-bankruptcy, bankruptcy or liquidation proceedings against the Foreign Buyer or any other event, which may be considered identical in accordance with the relevant regulations of the country of the Foreign Buyer;
- **Moratorium:** general moratorium declared by the country of the Foreign Buyer or the third country through which payment is to be made under the Export Contract;
- **Decisions of the Republic of Croatia or the country of the Exporter:** measures or decisions of the government of the Republic of Croatia or the government of the country of the Exporter, including 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 Exporter, which prevents the fulfilment of the Export Contract;
- **Regulations of the country of the Foreign Buyer:** legal regulations adopted in the country of the Foreign Buyer declaring the payment of the Foreign Buyer in the currency of the

country of the Foreign Buyer 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 Export Contract due to the change in the foreign exchange rate of the currency of the Foreign Buyer'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 Export Contract or the fulfilment of the Export Contract;
- **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 on the occurrence of which the Insured may file a Claim.
- 8.2. Insured Event in case of Credit Risk occurs when the Exporter does not collect the receivable in the amount owed to it under the Export Contract, provided that the non-payment is the sole consequence of the occurrence of the agreed Insured Risk, in one of the following cases:
1. For commercial risks, whichever occurs first:
 - a) Upon expiry of the Waiting Period for Credit Risk, during which the Foreign Buyer has not made the payment of obligations under the Export Contract;
 - b) On the day when the decision made by a competent body on the initiation of pre-bankruptcy, bankruptcy or liquidation proceedings against the Foreign Buyer becomes final, i.e. any other case which, in accordance with the relevant regulations of the country of the Foreign Buyer, may be considered identical. In that case, the Insured is obliged to submit to the Insurer the evidence on the initiation of pre-bankruptcy, bankruptcy or liquidation proceedings against the Foreign Buyer, whereby the Waiting Period for Credit Risk does not apply.
 2. For political risks:
 - a) Upon expiry of the Waiting Period for Credit Risk with the submission of evidence of the occurrence of the agreed Insured Risk by the Insured.
- 8.3. Insured Event in case of Manufacturing Risk occurs in one of the following cases:
1. For commercial risks, whichever occurs first:
 - a) Upon expiry of the Waiting Period for Manufacturing Risk during which the Exporter is unable to make deliveries of goods and/or services under the Export Contract or the delivery is suspended;
 - b) On the day when the decision made by a competent body on the initiation of pre-bankruptcy, bankruptcy or liquidation proceedings against the Foreign Buyer becomes final, i.e. any other case which, in accordance with the relevant regulations of the country of the Foreign Buyer, may be considered identical. In that case, the Insured is obliged to submit to the Insurer the evidence on the initiation of pre-bankruptcy, bankruptcy or liquidation proceedings against the Foreign Buyer, whereby the Waiting Period for Manufacturing Risk does not apply.

2. For political risks:
 - a) Upon expiry of the Waiting Period for Manufacturing Risk with the submission of evidence of the occurrence of the agreed Insured Risk by the Insured.

Article 9

Obligations of the Insured

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

1. To 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 care of good businessman, takes into account when concluding the Export Contract, and 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/or 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 care usual in business, which could lead to the rejection of Application for Insurance or termination of the Insurance Contract, for example, if:
 - a) the account of the Foreign Buyer is blocked,
 - b) pre-bankruptcy, bankruptcy or liquidation proceedings have been initiated against the Exporter.

When assessing insurance risk, the Insurer takes into account only the data stated in the Application for Insurance and its enclosures, regardless of whether the Insurer is familiar with the content and conditions of the Export Contract and all other related documents, and the Insurer will check the documents only upon receipt of the Claim. The Insured may not rely on the fact that the Insurer knew or should have known about the content of the documents, regardless of whether the Insurer saw them or commented on them;

2. To pay the Insurance Premium and the fee for processing of the Application for Insurance pursuant to the terms and conditions prescribed in the Insurance Contract and the deadlines determined by the Insurer;
3. When concluding an Export Contract, to take into account the valid international and domestic regulations and good business practice (e.g. agree on the applicable law under the Export Contract and regulate the manner of resolving disputes, insure goods that are subject of the Export Contract e.g. from theft, destruction, loss and similar risks customary in international trade etc.);
4. To comply with the terms and conditions of the Export Contract and fulfil the condition of the Domestic Share agreed in the Insurance Contract;
5. For Export Contracts with a repayment period of one or more years, to comply with the terms of the current OECD Recommendation on Sustainable Lending Practices in the Provision of Export Credits;
6. For Export Contracts with a repayment period of two or more years, to agree on the terms in accordance with the current OECD Arrangement and comply with the terms of the current OECD Recommendation on Environmental Protection and Impact on the Society;
7. To inform the Insurer in writing immediately, but not later than within 30 days upon becoming aware of it, of all circumstances that the Insured is familiar with and that might jeopardise due fulfilment of, and/or the payment under, the Export Contract;
8. To immediately inform the Insurer in writing on any amendment related to the Export Contract. Before any material amendment to the Export Contract, the Insured shall obtain a written consent of the Insurer, and in particular, the following shall be deemed a material amendment:
 - a) Change in the amount of Manufacturing Costs and/or Export Contract and/or the agreed regular interest rate under the Export Contract, if it is insured,

- b) Change of the parties to the Export Contract,
- c) Extension of deadlines for manufacturing and/or fulfilment of the Export Contract, if these deadlines are extended by 4 months or more (once or cumulatively), from the deadlines for fulfilment specified in the Insurance Contract,
- d) Release of collaterals under the Export Contract, if they are agreed,
- e) Extension of payment deadlines for more than 1 month from the deadlines agreed under the Export Contract or the Insurance Contract.

The Insurer shall be deemed to have agreed to any material amendment to the Export Contract arising from the law.

Non-material changes to the Export Contract are considered changes that do not in any way affect the increase of insurance risk, such as the change of headquarters, unless it is a change of the state or the bank account of parties to the Export Contract, the Export Contract code, extension of the Export Contract for up to 4 months, extension of payment deadlines for the Export Contract of up to 1 month etc.

In order to include the notification and request of the Insured, i.e. consents and other statements of the Insurer under this subparagraph, 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;

9. At the request of the Insurer, to submit information and complete documentation related to the Export Contract and make available its books and business records to the extent necessary to assess the fulfilment of obligations under the Export Contract;
10. To take independently all necessary measures and actions to limit or prevent the realisation of the contracted Insured Risk and the occurrence of Loss, in accordance with good practice and with care of good businessman, to inform the Insurer about it without delay, and to follow the instructions of the Insurer if the Insurer gives instructions to the Insured;
11. May not obtain insurance of Retention without prior written consent of the Insurer;
12. 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;
13. To 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.

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

1. Without delay, and no later than within 30 days from the occurrence of the Insured Risk, to submit to the Insurer a written notice of:
 - Non-payment of part or all of the receivables under the Export Contract by the Foreign Buyer,
 - Disputed receivable or objections by the Foreign Buyer regarding the due debt under the Export Contract,
 - Impossibility of fulfilment of all or a part of the Export Contract by the Insured;
2. Upon non-payment of due obligations under the Export Contract, to send to the Foreign Buyer and co-debtors/guarantors (if contracted) without delay a written invitation for payment of obligations due stating the amount of the receivable due;
3. To take independently all necessary measures and actions in order to reduce the occurred Loss and collected receivables from the Foreign Buyer, in accordance with good practice and with care of a good businessman, and immediately inform the Insurer about what has been done;
4. To activate additional collateral for the collection of receivables if provided for under the Export Contract before the submission of the Claim and to inform the Insurer on the measures taken, otherwise the Insured is obliged to obtain a prior consent of the Insurer to postpone it. The Insurer shall be authorised, at any time, to give instructions to the Insured, acting in a reasonable manner, requiring only those actions to be taken that are appropriate in view of the applicable regulations and good business practice;

5. To request a prior or subsequent written consent of the Insurer for actions for the collection of receivables that may cause Additional Costs;
6. If possible, to substitute for cash, in the most appropriate way, the goods from the Export Contract covered by the insurance at the request of, or in agreement with, the Insurer;
7. To suspend the fulfilment of the Export Contract immediately after delay in payment under the Export Contract by the Foreign Buyer, unless due to the specific conditions of the Export Contract this is not possible, and the Insured requests and the Insurer issues a written consent that the Insured does not act in accordance with this subparagraph;
8. In case of contracting terms and conditions of debt rescheduling under the Export Contract with the Foreign Buyer, to obtain a written consent of the Insurer. In the event that the Insurer proposes to agree on the terms and conditions of debt rescheduling under the Export Contract with the Foreign Buyer or its legal successor, the Insured shall be obliged to accept them. The agreed terms and conditions of debt rescheduling shall not affect the initial deadlines under the Insurance Contract, on the basis of which the Insured exercises the right to file a Claim. The Insurer and the Insured may agree on a different treatment in such a way that the new terms and conditions of debt rescheduling under the Export Contract apply to the Insurance Contract in relation to the rights and obligations of the Insured under the Insurance Contract;
9. In case of filing a Claim, to submit the complete Claim and act in accordance with the obligations referred to in Article 10 of these General Terms and Conditions;
10. At the request of the Insurer, to submit information, clarifications and complete documentation related to the Export Contract and fulfilment of obligations under the Insurance Contract and make available all its books and business records to the extent necessary to assess the justifiability of the Claim;
11. In case of acceptance of the Claim, to conclude the Recovery Contract, execute the recovery and act in accordance with the obligations referred to in Article 10 of these General Terms and Conditions.

Article 10

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

- 10.1. At the moment of payment of the Indemnity and/or Additional Costs to the Insured, all receivables (if arisen) under the Export Contract 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 Additional Costs increased by statutory default interest that belongs to the Insurer and accrues from the day of Indemnity payment until the day of settlement of the Insurer's receivable.
- 10.2. 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 1 of this Article, all increased by the appropriate statutory default interest, 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 under the Export Contract after the payment of the Indemnity.
- 10.3. The Insured shall be authorised and obliged to undertake all actions independently and conduct all procedures for the purpose of collecting the receivable referred to in paragraph 1 of this Article, including also the activation of collateral, and acting in pre-bankruptcy and bankruptcy 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 on its own either on the write-off of the said receivables, the suspension of collection procedures or non-initiation of further actions for the purpose of collecting the said receivables.

- 10.4. The Insured undertakes to follow the written instructions of the Insurer that the Insurer will give to the Insured when it deems it necessary.
- 10.5. Upon receipt of the Indemnity, the Insured shall, without delay, forward to the Insurer, in accordance with the Percentage of Coverage determined in paragraph 14.4, Article 14 of these General Terms and Conditions, all payments received by the Insured on the basis of the Export Contract and the Insurance Contract, up to the amount of receivables of the Insurer referred to in paragraph 1 of this Article.
- 10.6. Upon payment of the Indemnity, the Insurer has the right to request from the Insured to transfer to it the right of ownership over the goods produced under the Export Contract and all other rights under the Export Contract. At the request of the Insurer, the Insured shall take all permitted actions necessary for the said transfer of rights. In the event that the transfer of rights is not possible, the Insured undertakes to hold these rights in the name and for the benefit of the Insurer.
- 10.7. Notwithstanding the rights of the Insurer referred to in the previous paragraph of this Article, the Insured undertakes to take all actions for the purpose of substituting for cash the goods produced under the Export Contract in the most appropriate way, to take all other actions for the purpose of recovery, and forward the realised income to the Insurer in the Percentage of Coverage in accordance with paragraph 14.4. Article 14 of these General Terms and Conditions up to the amount of the Insurer's receivable referred to in paragraph 1 of this Article.
- 10.8. If, after delivery of the goods, the Insured can continue to dispose of the goods produced under the Export Contract (for example, on the basis of retention of title etc.), the Insured shall, at the request of the Insured, substitute it for cash in the most appropriate way, and forward the realised income to the Insurer in the Percentage of Coverage in accordance with paragraph 14.4. Article 14 of these General Terms and Conditions up to the amount of the Insurer's receivable referred to in paragraph 1 of this Article.
- 10.9. 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 receivable referred to in paragraph 1 of this Article and inform the Insured that from that moment onwards, the Insurer shall take 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 Export Contract in proportion to the amount of receivables taken by the Insurer. The cost of taking over of receivables and actions taken shall be borne by the Insurer.
- 10.10. By the way of derogation from paragraph 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 paragraph 1 of this Article or the entire receivable under the Export 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.
- 10.11. In case of assignment of receivables referred to in paragraph 10 of this Article in such a way that the Insurer conducts the recovery of the entire receivable under the Export Contract, the Insurer shall, in proportion to the Percentage of Coverage, retain all payments received by the Insurer on the basis of the Export Contract and the Insurance Contract, up to the amount of the receivable referred to in paragraph 1 of these General Terms and Conditions, and proportionally forward the difference to the Insured.

- 10.12. 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 in accordance with paragraph 14.4, Article 14 of the General Terms and Conditions.
- 10.13. The Insured shall accept the terms and conditions of rescheduling of debt under the Export Contract that the Insurer, after having paid the Indemnity to the Insured, agreed with the Foreign Buyer or its successor regarding the collection of receivables. The stated obligation of the Insured also exists in relation to the rescheduling of the Insured's receivable remaining after the payment of the Indemnity.

Article 11 Claim

- 11.1. A Claim shall be submitted to the Insurer in writing upon the occurrence of the Insured Event. It 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.
- 11.2. The Claim must be accompanied by the documents necessary for the assessment of the Claim proving the existence, and in the case of Credit Risk, indisputability and maturity, of the subject matter of insurance, realisation of the Insured Risk, 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, for example: Export Contract, invoices, single administrative documents, international bills of lading, handover documents, ledger accounts, written correspondence between the Insured and the Foreign Buyer, calculation of Manufacturing costs.
- 11.3. The existence and indisputability of the subject matter of insurance in case of Credit Risk is proved by:
- Acknowledging the debt in the appropriate amount by the Foreign Buyer, or
 - Final recognition of the Insured's receivable in the pre-bankruptcy, bankruptcy or liquidation proceedings of the Foreign Buyer, or
 - Final decision of a court of arbitration which determines the amount and maturity of the receivable that the Insured demands from the Foreign Buyer.
- 11.4. The documents submitted with the Claim may be submitted in the original or a copy. 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 in a certified translation also. The cost of translation is borne by the Insured.
- 11.5. 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 or and/or a permanent expert witness at its own expense.
- 11.6. The Insurer has the right to request further explanations and evidence from the Insured, the Foreign Buyer or any other legal entity or natural person, as well as to take actions to determine important circumstances related to the reported Insured Event and the assessment of justifiability of the Claim at its own expense.
- 11.7. 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 ask the Insured to supplement it within 30 days from the receipt of such incomplete Claim.

- 11.8. If the Insurer does not invite the Insured to supplement the Claim within the specified period, the Claim will be considered complete.
- 11.9. The Insurer is obliged to comment on the justifiability of the Claim within 30 days from the day of receipt of the complete Claim in accordance with this Article.
- 11.10. 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.
- 11.11. In case the Foreign Buyer fails to meet its payment obligations owing to disputed receivables, commercial complaints or in other cases of disputed receivables under the Export Contract, e.g. when the Foreign Buyer disputes a portion of, or entire receivable in writing, the Insured can submit a Claim, provided that court, arbitration or other suitable proceedings are initiated for the purpose of collecting the payment, and the Insured person shall inform the Insurer accordingly.
- 11.12. 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 11.10. 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 12

Acceptance of the Claim

- 12.1. The Claim shall be accepted if:
 - An Insured Risk has occurred and
 - An Insured Event has occurred and
 - A Loss has occurred on the basis of the agreed Subject Matter of Insurance and
 - The Insured has submitted the Claim and submitted the appropriate documentation in accordance with the provisions of Article 11 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 on the invoice for the Insurance Premium and
 - In the Application for Insurance, the Insured has stated completely and accurately the information required by the Insurer for the assessment of insurance risk, to the extent described in paragraph 12.3. of this Article and
 - The Insured has fulfilled other obligations under the Insurance Contract described in paragraph 12.3. of this Article.
- 12.2. If there is no evidence referred to in paragraph 11.3 of Article 11, and all other conditions referred to in the previous paragraph have been met, the Insurer shall, in accordance with its assessment, based on the submitted documentation, pay the Indemnity to the Insured, subject to revocation and if the Insured, at the request of the Insurer, hands over to the Insurer the security instruments for the Indemnity acceptable to the Insurer, provided that the Insurer determines that:
 - The Insured has fulfilled the obligations under the Export Contract and
 - The Insured initiated appropriate court, arbitration or other appropriate proceedings against the Foreign Buyer in order to determine and collect the debt under the Export Contract.

- 12.3. The Insurer will accept the Claim and pay the Indemnity, partially or in full, if the non-fulfilment of certain obligations by the Insured is assessed as non-material, or if such non-fulfilment, as assessed by the Insurer, had no significant impact on risk assumption, the extent and amount of the occurred Loss, as well as the impossibility of recovery.

Article 13 **The Insurer's Right to Recover Indemnity**

Should the Insurer accept the Claim, and should subsequently any circumstances occur from which arises that the Insured had no right to 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 10 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 amount already received as Indemnity and compensated Additional Costs, together with the default interest in the amount prescribed by law within 14 days from the Insurer's written notice. If the Recovery Contract provides for the instruments referred to in Article 12, paragraph 12.2. of these General Terms and Conditions, the Insurer shall be entitled to collect payments in accordance with the agreed collateral.

Article 14 **Calculation of Indemnity**

- 14.1. The Indemnity may in no case be higher than the Insured Sum stated in the Insurance Policy.
- 14.2. The amount of the Indemnity shall be calculated as the amount of the Loss, up to the Insured Sum, less the agreed Retention.
{Indemnity = Loss x (100% - Retention), Loss ≤ Insured Sum}
- 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 provisional calculation of Indemnity in case of Credit Risk will be determined according to the estimated amount of the Loss by the Insurer, while the final amount of the Loss shall be based on the amount awarded in favour of the Exporter in court, arbitration or other proceedings, upon the final decision made in the mentioned proceedings, i.e. in case of pre-bankruptcy, bankruptcy or liquidation proceedings of the Foreign Buyer, the calculation of the Loss shall be based on the amount of receivables finally recognised in the pre-bankruptcy, bankruptcy or liquidation proceedings.
- 14.4. The Percentage of Coverage is used for the calculation of share with which the Insurer participates in Additional Costs and of the percentage of inflows from the collection pertaining to the Insurer. It is calculated in the manner that the amount of calculated Indemnity in accordance with paragraph 14.2. above 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%}*.
- 14.5. If, after the occurrence of the Insured Event and before the payment of the Indemnity under the Export Contract, the following amounts be received or calculated by the Insured:
- Payments under the Export Contract, regardless of their declared purpose,
 - Amounts that have been settled through offset (compensation), since they are claimed from the Exporter from the Foreign Buyer,
 - Amounts based on substituting the collaterals under the Export Contract to cash as referred to in Article 9 paragraph 9.2. subparagraph 4 of the General Terms and Conditions,
 - Amounts based on substituting the goods to cash as referred to in Article 9 paragraph 9.2. subparagraph 6 of the General Terms and Conditions,

the amount of Indemnity to be paid by the Insurer to the Insured shall be reduced by the stated amounts in proportion to the Percentage of Coverage.

- 14.6. If both the Credit Risk and the Manufacturing Risk are realised in connection with one and the same Insurance Contract, the Indemnity shall be calculated for each of the risks in accordance with the calculation specified in this Article, and the provisions of these General Terms and Conditions shall apply to other rights and obligations accordingly.

Article 15 Compensation for Additional Costs

- 15.1. Additional Costs resulting from actions taken to minimise or avoid the occurrence of the Loss shall be restored to the Insured after having been claimed from the Insurer in accordance with the Percentage of Coverage as defined in Article 14, paragraph 14.4 of the General Terms and Conditions, provided that the actions were taken after the instructions have been received or the consent of the Insurer obtained, and provided that the conditions for the acceptance of the Claim have been met.
- 15.2. By way of derogation from paragraph 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.
- 15.3. 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.

Article 16 Maturity of Indemnity and Compensation for Additional Costs

Should the Claim be accepted, provided that the Insured has concluded the Recovery Contract referred to in Article 10 of these General Terms and Conditions, the Insurer shall pay the Indemnity and Additional Costs:

- a) within 15 days upon the acceptance of the Claim, for receivables that are due under the Export Contract before the acceptance of the Claim or the maturity of which has not been determined,
- b) in accordance with the maturity of receivables under the Export Contract, for receivables due under the Export Contract after the acceptance of the Claim, unless the Insurer decides otherwise.

Article 17 Transfer of Rights and Obligations under Insurance Contract

- 17.1. The Insurer and the Insured may not transfer the rights and obligations under the Insurance Contract without a prior written consent of the other party.
- 17.2. 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.
- 17.3. The transfer referred to in the previous paragraph does not affect the existence of the Insured's obligations due to the Insurer under the Insurance Contract.

Article 18 Exclusion of Right to Abandonment

Without the Insurer's consent, the Insured 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 to request the payment of the Indemnity from the Insurer in return.

Article 19 Cancellation of the Insurance Contract

19.1. 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 due date indicated by the Insurer.

19.2. The Insured has the right to cancel the Insurance Contract by waiving all its rights under the Insurance Contract.

Article 20 Governing Law and Resolution of Disputes

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

20.2. 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 can agree to resolve the disputes through conciliation and/or arbitration or, otherwise, the competent court in Zagreb shall have jurisdiction.