



HRVATSKA BANKA ZA OBNOVU I RAZVITAK

**General Terms and Conditions  
On Insurance of Short-Term Export Receivables  
OU-KI/01-22**

## Preamble

The General Terms and Conditions on Insurance of Short-Term Export Receivables OU-KI/01-22 (hereinafter: the General Terms and Conditions) determine the terms and conditions of insurance of short-term export receivables arising from the delivery of goods and/or services under the Export Contract with deferred payment that are insured by Hrvatska banka za obnovu i razvitak for and on behalf of the Republic of Croatia (hereinafter: the Insurer).

## Article 1 Definitions

In the General Terms and Conditions and the related Insurance Policy and its enclosures, 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;

**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;

**Insolvency:** 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;

**Export:** any legal business of interest to the Croatian economy whose ultimate purpose is the internationalisation of the Croatian economy, and may represent manufacturing, transport, delivery, sale of goods and performance of works and services for the Foreign Buyer;

**Exporter:** any Croatian business entity that exports directly or indirectly (through branches or affiliated companies in the Republic of Croatia or abroad, which is in its majority ownership), which has concluded an Export Contract with the Foreign Buyer directly or indirectly;

**Export Contract:** purchase contract concluded in writing (including order and acceptance of order; framework export contract; pre-contract etc.) between the Exporter and the Foreign Buyer, which undoubtedly results in the Exporter's obligation to deliver goods and/or perform services to the Foreign Buyer, and in the Foreign Buyer's obligation to pay the agreed amount to the Exporter;

**Public Debtor:** any entity of state or public authorities which cannot, judicially or administratively, be declared insolvent;

**Short-Term Export Receivables:** Exporter's short-term monetary receivables from the Foreign Buyer arising from the deliveries of goods and/or services under the Export Contract, contracted with deferred payment maturing in up to 2 years (including manufacturing period and repayment period) that mature in accordance with the Usual Payment Period;

**Moratorium:** general moratorium declared by the country of the Foreign Buyer or a third country through which payment is to be made under the Export Contract;

**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;

**Indemnity:** monetary amount 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;

**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;

**Claim:** written request for payment of Indemnity submitted by the Insured to the Insurer in accordance with the provisions of Article 13 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 Bribery:** current Recommendation on Bribery and Officially Supported Export Credits in effect of countries of the Organisation for Economic Co-operation and Development (OECD);

**Insured:** Exporter having concluded the Insurance Contract with the Insurer; the Insured may also be an economic entity with the headquarters in the Republic of Croatia or outside of the Republic of Croatia if it is Exporter's subsidiary or affiliated company in its majority ownership;

**Insured Sum:** monetary amount on which the insurance has been concluded for an individual Foreign Buyer and which represents the insured amount of the Exporter's receivables from an individual Foreign Buyer and is stated in the Insurance Policy;

**Insured Risk:** risk covered by insurance representing a future, uncertain event, independent of the exclusive will of the Insured, which is defined in these General Terms and Conditions;

**Insurance Year:** a year that lasts 12 months and starts on the day of the execution of the Insurance Contract stated in the Export Receivables Insurance Policy for Several Foreign Buyers;

**Insured Event:** harmful event caused by the Insured Risk, and the Insured can submit the Claim upon the occurrence of the Insured Event;

**Insurance Policy:** written document on the concluded Insurance Contract that is issued by the Insurer. Insurance Policies can be as follows:

- a) Export Receivables Insurance Policy for Individual Foreign Buyer (hereinafter: Insurance Policy for Individual Foreign Buyer) or
- b) Export Receivables Insurance Policy for Several Foreign Buyers (hereinafter: Insurance Policy for Several Foreign Buyers).

**Insurance Premium:** amount of money that the Insured is obliged to pay to the Insurer under the concluded Insurance Contract;

**Premium Rate:** rate expressed as a percentage and stated in the Insurance Policy, and it reflects the price of insurance for the assumed risks;

**Private Debtor:** the debtor that is not considered a public debtor;

**Waiting Period:** time period lasting for 3 months from the maturity date of the Exporter's receivables from the Foreign Buyer in accordance with the Usual Payment Period that have not been collected by the Exporter from the Foreign Buyer due to the occurrence of the insured commercial or political risk. The Waiting Period does not apply to the commercial risk – insolvency, de jure or de facto;

**Retention:** share of the Insured in the Loss expressed as a percentage amounting to at least 10%, unless otherwise provided for in the Insurance Policy;

**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;

**Loss:** loss expressed as a monetary amount incurred by the Insured due to the occurrence of the Insured Event based on which the amount of Indemnity is determined;

**Insurance Contract:** contract executed between the Insurer and the Insured that provides cover for the monetary receivables of the Insured from the Foreign Buyer arising under the Export Contract against the occurrence of the Insured Risk;

**Recovery Contract:** contract between the Insurer and the Insured executed before the payment of Indemnity that regulates, among others, their rights and obligations relating to the collection of the receivables under the Export Contract and the Insurance Contract;

**Usual Payment Period:** payment period under the Export Contract that is equal to or longer than the agreed payment period under the Export Contract and that is acceptable for the Exporter and the Insurer and is stated in the Insurance Policy;

**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 harmful effects in another way;

**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 General Provisions**

- 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 is the written document on the concluded Insurance Contract that contains, among others, the company name and headquarters of the Insurer, the company name and headquarters or the name and place of residence of the Insured and the Foreign Buyer, the Subject Matter of Insurance, the Insured Risk, the Insured Sum, the Duration of Insurance, the Usual Payment Period, the Premium Rate, the manner of calculating the Insurance Premium, the Retention, the special provisions of the Insurance Policy, the list of enclosures to the Insurance Policy, the date and signatures of the authorised representatives of the parties to the contract.
- 2.4. If the provisions agreed in the Insurance Policy differ from the provisions of the General Terms and Conditions or the data specified in the Application for Insurance, the provisions of the Insurance Policy shall apply.
- 2.5. If the Insurer submits the original copies of the Insurance Policy to the Insured for signature, 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. The Application for Insurance must be signed by the authorised representatives (legal representatives or proxies) of the Insured.

- 2.6. The following shall be considered as proof of proper delivery of written notifications under the Insurance Contract:
- If sent by mail, a return receipt duly completed by the recipient, i.e. notice of receipt/delivery or records of the post office,
  - If sent via delivery service, a confirmation or signature/stamp of the recipient on receipt of the written notification,
  - If sent by e-mail, a written confirmation from the other party to the contract stating that it has received the written notification,
  - If sent by other means suitable for the exchange of written notifications, a written confirmation from the other party to the contract stating that it has received the written notification.
- 2.7. In the case of Insurance Policies for Several Buyers, an enclosure to the Policy is also the Insurance Offer (hereinafter: the Offer), the execution of which determines the insurance terms and conditions for an individual buyer. The Insurer submits the Offer in writing to the Insured. After the Insured has accepted of the Offer, the Offer signed by authorised persons shall be submitted to the Insurer in writing in the manner prescribed by these General Terms and Conditions.

### **Article 3**

#### **Subject Matter of Insurance**

- 3.1. Subject Matter of Insurance shall be the reported Short-Term Export Receivables of the Insured for which the Insured has been granted insurance. Deliveries of goods and/or services under the Export Contract must be performed by the Insured during the insurance period, within which it must issue to the Foreign Buyer an invoice with the agreed deferral of payment.
- 3.2. Subject Matter of Insurance cannot be the receivables resulting from:
- Export of goods and/or services delivered to the Foreign Buyer after the established termination of insurance coverage;
  - Export of goods and/or services to the Foreign Buyer who is related to the Insured by management or ownership with a share of more than 20%;
  - Export of goods and/or services to the Foreign Buyer who, in accordance with the Usual Payment Period, has due liabilities to the Insured under previously made deliveries;
  - Export of dual-use goods in accordance with the regulations on the export of dual-use goods, for which no export licence has been obtained;
  - Export of nuclear material, special equipment and non-nuclear material\*, for which no consent and no export licence have been obtained;
  - Contractual interest, accrued interest on interest, default interest and contractual penalties charged by the Insured to the Foreign Buyer;
  - Expenses that the Insured is obliged to bear in accordance with the Export Contract, regardless of whether or not the Foreign Buyer has fulfilled its obligations under the Export Contract;

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\*goods used for nuclear activities for peacetime purposes in accordance with regulations on radiological and nuclear safety

- Export of goods and/or services delivered to the Foreign Buyer contrary to the legal framework of the importing country and the country of the Foreign Buyer.

3.3. Insurance does not cover the following risks:

- Exchange rate risks;
- Money transfer risks.

#### **Article 4 Insured Risks**

4.1. Commercial Risks:

1. 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 until the expiry of the Waiting Period (KR-1);
2. Inability to pay on the part of the Foreign Buyer or its guarantor and/or co-debtor upon the expiry of the Usual Payment Period due to the Insolvency of the Foreign Buyer or its guarantor and/or co-debtor as the Private Debtor (KR-2).

4.2. Political Risks:

1. War or events similar to war, rebellion or revolution (PR-1);
2. 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 until the expiry of the Waiting Period as the Public Debtor (PR-2);
3. Decision of a third country, moratorium, prevention or delay of transfer of funds, regulations of the country of the Foreign Buyer, decision of the Republic of Croatia preventing payment upon maturity of the Usual Payment Period or force majeure, where the Foreign Buyer is the Private Debtor or the Public Debtor (PR-3).

#### **Article 5 Currencies of Insurance Contract**

- 5.1. Insured Sum is agreed in the currency of the Export Contract, unless otherwise provided for in the Insurance Policy.
- 5.2. 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.
- 5.3. Application for Insurance Processing Fee is calculated and charged to the Insured in HRK on the basis of the invoice issued by the Insurer, unless otherwise provided for in the Insurance Policy. Application for Insurance Processing Fee is determined in the Ordinance on Fees for HBOR Services in effect.
- 5.4. 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.
- 5.5. 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.

- 5.6. 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 6**

### **Insurance Contract Execution Date and Duration of Insurance**

- 6.1. 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.
- 6.2. Insurance for an individual Foreign Buyer starts at 00:00 o'clock on the date stated in the Insurance Policy.
- 6.3. Insurance for an individual Foreign Buyer ends at 23:59:59 o'clock on the date stated in the Insurance Policy or it may end as follows:
- at 00:00 o'clock on the date of exclusion of the Foreign Buyer from the Insurance Policy, or
  - at 00:00 o'clock on the date of termination of the Insurance Contract pursuant to Article 19 of these General Terms and Conditions, or
  - by early termination of coverage pursuant to Article 7 of these General Terms and Conditions.

## **Article 7**

### **Early Termination of Insurance**

- 7.1. Insurance for an individual Foreign Buyer ends automatically upon the occurrence of the Insured Risk defined in Article 4 of the General Terms and Conditions.
- 7.2. In case of finding out the facts that may increase the possibility of occurrence of the Insured Risk, the Insurer has the right to request from the Insured in writing the suspension of further deliveries to individual Foreign Buyer or to make a decision on early termination of insurance, about which the Insurer will inform the Insured in writing.
- 7.3. Continuation of insurance is possible only after written approval of the Insurer.

## **Article 8**

### **Premium Rate and Insurance Premium**

- 8.1. Premium Rate and manner of Insurance Premium payment are determined by the Insurer and are stated in the Insurance Policy. The Insured pays the premium on the basis of the invoice issued by the Insurer by the deadline stated in the invoice.
- 8.2. Generally, the Insurer shall calculate and charge the Insurance Premium to the Insured on a monthly basis during the insurance period by applying the Premium Rate on the amount of exported, invoiced and reported to the Insurer value of goods and/or services for the insured Foreign Buyer.
- 8.3. Insurance Premium for the coverage of one-off delivery to the Foreign Buyer is calculated by applying the Premium Rate on the amount of the Insured Sum and is charged one-off when executing the Insurance Contract.
- 8.4. If the Insured pays the Insurance Premium after the due date, the Insurer may charge statutory default interest to the Insured for the period from its maturity until the date of payment.

- 8.5. The Insurer has the right to change the Premium Rate for the Insured in case of Insurance Policies for several buyers at the end of each Insurance Year in accordance with the criteria prescribed in the Insurance Policy for several buyers.

**Article 9**  
**Amendments to Insurance Terms and Conditions**

- 9.1. The Insurer may, at any moment after having found out the facts that may lead to a change in the risk, amend the terms and conditions of insurance, and particularly:
- Decrease the amount of Insured Sum per an individual Foreign Buyer;
  - Change the Retention per an individual Foreign Buyer;
  - Exclude an individual Foreign Buyer from insurance.
- 9.2. If the Insurer amends terms and conditions of insurance, it shall inform thereof the Insured in writing as defined in Article 2 of these General Terms and Conditions.
- 9.3. If the Insured, within the period of 30 days from receiving the notice on the amendments to the insurance terms and conditions, fails to cancel the Insurance Contract, it shall be deemed that it has agreed to the amended terms and conditions of insurance that shall apply from the period specified in the notice.

**Article 10**  
**Insured Event**

- 10.1. Insured Event for commercial risks occurs in one of the following cases, whichever occurs first:
- Upon expiry of the Waiting Period, during which the Foreign Buyer has not made the payment of obligations under the Export Contract;
  - 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 does not apply.
- 10.2. Insured Event for political risks occurs:
- Upon expiry of the Waiting Period upon the occurrence of the contracted Insured Risk on the part of the Insured.

**Article 11**  
**Obligations of the Insured**

- 11.1. Obligations of the Insured before and for the duration of the Insurance Contract:
1. To state, to the Insurer in the Application for Insurance, 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 to 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 or not the Insurer is familiar with the content and terms and conditions of the Export Contract and all other related documents, and the Insurer will check the documents only upon the 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 or not the Insurer saw them or commented on them;

2. The cost of obtaining the credit report on the Foreign Buyer shall be borne by the Insured;
3. 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;
4. To inform the Insurer about the existence of any other insurance or partial insurance of the same business against non-payment;
5. To obtain a written consent of the Insurer before any significant material amendment to the Export Contract, whereas the following shall particularly be deemed a significant material amendment:
  - Change in the agreed and/or Usual Payment Period,
  - Change in collateral, if agreed.

The Insurer shall be deemed to have agreed to any material amendment to the Export Contract arising from the law. Non-material amendments to the Export Contract are considered to be the changes that do not in any way affect the increase of insurance risk, such as the change of headquarters of the Foreign Buyer;

6. To report to the Insurer all receivables from the insured Foreign Buyer (Export Declaration must contain the following information for each reported receivable: company name and headquarters of the Foreign Buyer; number and date of invoice, amount and currency of receivables, due date in accordance with the agreed payment period and due date in accordance with the Usual Payment Period);
7. To inform the Insurer, by the 10<sup>th</sup> of the month, about the amount of exported and invoiced value of goods and services in the previous month to the insured Foreign Buyer in the manner to be defined in the Insurance Policy;
8. To pay the Insurer the Insurance Premium and the insurance application processing fee in accordance with the terms and conditions of the Insurance Contract and the deadlines determined by the Insurer;
9. To independently take all necessary measures and actions to limit or prevent the realisation of the contracted Insured Risk and the occurrence of Loss, in accordance with 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;

10. To submit to the Insurer, without delay, a written report on all circumstances known to the Insured that could jeopardise the proper performance of and/or payment under the Export Contract;
11. Must not obtain the insurance of Retention without a prior written consent of the Insurer;
12. For Export Contracts with repayment periods longer than one year, to comply with the terms and conditions of the OECD Recommendation on Sustainable Lending Practices on Export Credits;
13. At the request of the Insurer, to submit information, clarifications and complete documentation related to the Export Contract and the performance of obligations under the Insurance Contract as well as to make available its books and business records to the extent necessary to assess the justifiability of the Claim;
14. To comply with the terms and conditions of the OECD Recommendation on Bribery.

11.2. 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 Insured 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;
2. To inform the Insurer about all deliveries made to the Foreign Buyer before the beginning of the insurance period and about any non-fulfilment of obligation by the Foreign Buyer;
3. To immediately suspend further deliveries of goods and services under the Export Contract in the event that the Foreign Buyer has not fulfilled its payment obligation within the Usual Payment Period specified in the Insurance Contract. For any further delivery under the Export Contract, the Insured shall require a written consent of the Insurer;
4. 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;
5. To take independently all necessary measures and actions in order to reduce the occurred Loss and collect 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;
6. 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;
7. With the prior written consent of the Insurer, within 60 days from the expiry of the Usual Payment Period, to hire an agency for the collection of receivables or a lawyer and to take all necessary actions and measures to mitigate the occurred Loss and to collect receivables from the Foreign Buyer, in accordance with positive practice and with the care of a good businessman;

8. 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;
9. To request a prior or subsequent written consent of the Insurer for actions for the collection of receivables that may cause Additional Costs;
10. 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;
11. In case of filing a Claim, to submit the complete Claim and act in accordance with the obligations referred to in Article 13 of these General Terms and Conditions;
12. 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;
13. 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 12 of these General Terms and Conditions.

## **Article 12**

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

- 12.1. At the moment of payment of the Indemnity and/or Additional Costs to the Insured, all receivables 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.
- 12.2. 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, 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.
- 12.3. 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.

- 12.4. The Insured undertakes to follow the written instructions of the Insurer that the Insurer will give to the Insured when it deems it necessary.
- 12.5. Upon receipt of the Indemnity, the Insured shall, without delay, forward to the Insurer, in accordance with the Percentage of Coverage determined in paragraph 16.3, Article 16 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.
- 12.6. 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.
- 12.7. 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 16.3. Article 16 of these General Terms and Conditions up to the amount of the Insurer's receivable referred to in paragraph 1 of this Article.
- 12.8. 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 Insurer, 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 16.3. Article 16 of these General Terms and Conditions up to the amount of the Insurer's receivable referred to in paragraph 1 of this Article.
- 12.9. 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.
- 12.10. 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.
- 12.11. 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 this Article, and proportionally forward the difference to the Insured.
- 12.12. 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 16.3., Article 16 of these General Terms and Conditions.
- 12.13. 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 13 Claim**

13.1. 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.

13.2. 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.

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.

13.3. 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.

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.

13.4. 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.

13.5. 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.

13.6. **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.**

13.7. If the Insurer does not invite the Insured to supplement the Claim within the specified period, the Claim will be considered complete.

13.8. 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.

- 13.9. **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.**
- 13.10. In case the Foreign Buyer fails to meet its payment obligations owing to disputed receivables (the Foreign Buyer disputes a portion of, or the entire receivable), commercial complaints (disputes the quality of the contracted goods or services) or in other cases of disputing the receivables under the Export Contract, the Insured can submit a Claim exclusively provided that court, arbitration or other suitable proceedings are initiated for the purpose of collecting the payment, and the Insured shall inform the Insurer accordingly.
- 13.11. The Insured may initiate court proceedings to protect its rights under the Insurance Contract if the Insurer does not comment on the Claim within 30 days from the receipt of the complete Claim in accordance with this Article, or within the period specified in paragraph 13.9. 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 14**

### **Acceptance of the Claim**

- 14.1. 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 13 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 14.3. of this Article and
  - The Insured has fulfilled other obligations under the Insurance Contract described in paragraph 14.3. of this Article.
- 14.2. If there is no evidence referred to in paragraph 13.2. of Article 13, 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.
- 14.3. 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 possibility of recovery.

## Article 15

### The Insurer's Right to Recover Indemnity

- 15.1. 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 12 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 security instruments referred to in Article 14 paragraph 14.2. of these General Terms and Conditions, the Insurer shall be entitled to collect payments in accordance with the agreed collateral.

## Article 16

### Calculation of Indemnity

- 16.1. The Indemnity may in no case be higher than the Insured Sum stated in the Insurance Policy. The amount of the Indemnity shall be calculated as the amount of the Loss, up to the Insured Sum, less the agreed Retention.

$$\{Indemnity = Loss \times (100\% - Retention), Loss \leq Insured Sum\}$$

- 16.2. 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 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.

- 16.3. 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 16.1. above is divided by the amount of total Loss, and the amount thus obtained is converted into a percentage stated in two decimal places.

$$\{Percentage\ of\ Coverage = Indemnity / Loss * 100\%\}$$

- 16.4. 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 11 paragraph 11.2. subparagraph 7 of the General Terms and Conditions,
  - Amounts based on substituting the goods to cash as referred to in Article 11 paragraph 11.2. subparagraph 9 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.

#### **Article 17**

##### **Compensation for Additional Costs**

- 17.1. If Additional Costs are incurred resulting from actions taken in accordance with the provisions of these General Terms and Conditions, they shall be restored to the Insured after having been claimed from the Insurer in accordance with the Percentage of Coverage as defined in Article 16, paragraph 16.3. of the General Terms and Conditions, provided that the actions are 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.
- 17.2. 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.
- 17.3. 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 18**

##### **Maturity of Indemnity and Compensation for Additional Costs**

- 18.1. Should the Claim be accepted, provided that the Insured has concluded the Recovery Contract referred to in Article 12 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 19**

##### **Termination of Insurance Contract**

- 19.1. The Insurance Contract may be terminated by a written agreement between the Insurer and the Insured, by which the date of termination of the Insurance Contract will be determined.
- 19.2. The Insurer has the right to cancel the Insurance Contract if:
  - The Insured does not fulfil the obligations under the Insurance Contract, and such non-fulfilment of obligations or conditions in the opinion of the Insurer constitutes a material breach of the Insurance Contract in relation to the occurrence of the Insured Risk or the amount of the Loss, or it has prevented or significantly hindered actions to prevent or reduce the occurrence of the Loss and the possibility of recovery and/or
  - The Insurance Premium has not been paid in full or within a reasonable period after the due date indicated by the Insurer;
  - Pre-bankruptcy, bankruptcy or liquidation procedure has been initiated against the property of the Insured.



- 19.3. The Insurer may, through a written statement to the Insured maintain the effect of the Insurance Contract, but with the adjustment of the terms and conditions of the Insurance Contract to the new situation at its own discretion.
- 19.4. The Insured has the right to cancel the Insurance Contract by waiving all its rights under the Insurance Contract.

## **Article 20**

### **Transfer of Rights and Obligations under Insurance Contract**

- 20.1. 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.
- 20.2. 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.
- 20.3. 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 21**

### **Exclusion of Right to Abandonment**

- 21.1. 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 22**

### **Governing Law and Resolution of Disputes**

- 22.1. The laws of the Republic of Croatia in effect shall apply 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 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.