

Programme for the Insurance of Short-Term Export Receivables for Small and Medium-Sized Entrepreneurs with Annual Income from Exports of up to EUR 2 million (short name: Short-Term Insurance for SME Exporters)

KO-IP/01-20

1. Beneficiaries of insurance/Exporters	Small and medium-sized entrepreneurs – companies and craftsmen with annual income from exports of up to EUR 2 million that: <ul style="list-style-type: none">• are registered in the Republic of Croatia or have residence in the Republic of Croatia,• are arranging or have arranged an export transaction with a foreign buyer,• arrange a deferral of payment of up to 180 days with foreign buyers.
2. Subject matter of insurance	Cash receivables based on performed and invoiced deliveries of goods and/or services towards the foreign buyer during the insurance period with the usual maximum payment periods of up to 180 days.
3. Usual payment period	Payment period in which the foreign buyer fulfils its obligations towards the exporter, and which may be different than the contracted payment period. Usual payment period must be acceptable for the exporter, and HBOR must be familiar with it.
4. Foreign buyer	Legal entity or natural person with headquarters or place of residence outside the Republic of Croatia, to which the exporter delivers goods or services pursuant to the concluded Export contract. Export contract must be made in written form.
5. Insured risks	<p>The coverage of risk of non-payment includes:</p> <p>Commercial risks:</p> <ul style="list-style-type: none">• Prolonged non-payment or delay in payment by the foreign buyer upon expiry of the usual payment period,• Insolvency of the foreign buyer or other objective facts that indicate to the impossibility of fulfilment of a payment obligation, initiation of a pre-bankruptcy settlement, bankruptcy or liquidation procedure against the foreign buyer. <p>Political risks:</p> <ul style="list-style-type: none">• War and events similar to war,• Rebellion and revolution,• Third country decision, moratorium, measures preventing or delaying the transfer of funds, regulations of the foreign buyer's country, decision of government bodies of the Republic of Croatia or force majeure limiting or impeding transfer or free disposal of payments owed to the insured for a period longer than 3 months; the same effects shall have the delay of payment of more than 3 months on the part of the foreign buyer who is a public legal entity in case of the violation of contractual obligations or wilful refusal to fulfil them if bankruptcy or liquidation proceedings cannot be initiated against the foreign buyer or his guarantor.

6. Retention	Share of the exporter in the risk (loss) amounting to at least 5% of insured receivable.
7. Insured amount	Cash amount for which the insurance is concluded for an individual foreign buyer. Insured amount may not exceed EUR 150,000 and is approved in the currency of the export contract.
8. Duration of insurance	The insurance may be arranged for a period of 3 or 6 or 12 months. The deliveries of goods or services must be made or rendered and invoices issued during the insurance period.
9. Insurance premium	Cash amount that the exporter shall pay to HBOR based on the concluded insurance contract. The insurance premium depends on the duration of insurance and the insured amount. Insurance premiums for the volumes of insured amounts and insurance periods of three, six and twelve months are presented in the table below:

Insured amount (EUR)	Annual insurance premium (EUR)	Semi-annual insurance premium (EUR)	Three-month insurance premium (EUR)
1,000 – 5,000	86	47	25
5,001 – 10,000	172	95	49
10,001 – 15,000	258	142	74
15,001 – 20,000	344	189	99
20,001 – 25,000	430	237	124
25,001 – 30,000	516	284	148
30,001 – 35,000	602	331	173
35,001 – 40,000	688	378	198
40,001 – 45,000	774	426	223
45,001 – 50,000	860	473	247
50,001 – 55,000	946	520	272
55,001 – 60,000	1,032	568	297
60,001 – 65,000	1,118	615	321
65,001 – 70,000	1,204	662	346
70,001 – 75,000	1,290	710	371
75,001 – 80,000	1,376	757	396
80,001 – 85,000	1,462	804	420
85,001 – 90,000	1,548	851	445
90,001 – 95,000	1,634	899	470
95,001 – 100,000	1,720	946	495
100,001 – 105,000	1,806	993	519
105,001 – 110,000	1,892	1,041	544
110,001 -115,000	1,978	1,088	569
115,001 – 120,000	2,064	1,135	593
120,001 – 125,000	2,150	1,183	618
125,001 – 130,000	2,236	1,230	643
130,001 – 135,000	2,322	1,277	668
135,001 – 140,000	2,408	1,324	692

140,001 – 145,000	2,494	1,372	717
145,001 – 150,000	2,580	1,419	742

10. Manner of insurance implementation

The exporter has to submit the following to HBOR:

- Application for insurance (form available at www.hbor.hr or it can be sent to the exporter by HBOR),
- Creditworthiness report of the foreign buyer issued not more than 3 months before the date of submission of the application for insurance. Creditworthiness report of the foreign buyer is provided by the exporter or by HBOR for and on behalf of the exporter

After the approval of insurance, HBOR submits to the exporter the insurance policy with accompanying general terms and conditions.

The insurance contract is deemed concluded when the insurance policy is signed by the exporter and HBOR.

The insurance contract has the following constituent parts:

- Application for insurance with enclosures,
- General Terms and Conditions on Insurance,
- Insurance policy.

After the expiry of the insurance policy, and in case the exporter continues to cooperate with the foreign buyer, HBOR may issue to the exporter a new insurance policy. In such case, the exporter is obliged to submit new documentation necessary for the arrangement of insurance (application for insurance and creditworthiness report of the foreign buyer).

11. Insured event

Event caused by an insured risk upon the occurrence of which the exporter may submit a claim.

12. Occurrence of the insured event

For commercial risks:

- For the risk of prolonged non-payment – by the expiry of the waiting period, during which the foreign buyer has not made payment of debt, provided that all obligations of the exporter under the export contract have been fulfilled;
- For the risk of foreign buyer's insolvency – by providing evidence to HBOR on the initiation of a pre-bankruptcy, bankruptcy or liquidation procedure against the foreign buyer (in which procedures at a later stage, the evidence on entering the exporter's receivables into the bankruptcy or liquidation assets will have to be provided);
- By concluding a court or an out-of-court settlement between the exporter and the foreign buyer;
- By providing evidence to HBOR on the uselessness or unprofitability of taking any kind of measures against the foreign buyer due to low prospects of receivables collection, since it is not possible to expect that the initiation of a bankruptcy procedure or other enforced collection procedures will result in a collection of receivables;
- By providing evidence that the exporter has suffered losses as a result of difference in price on the occurrence of substitute turning to account implemented for the purpose of reducing the loss.

For political risks:

- By the expiry of the waiting period and by providing evidence by the exporter on the occurrence of a political risk.

13. Fee for the processing of application	Fee for the processing of application for insurance shall be calculated and charged in accordance with the valid Ordinance on Fees for HBOR Services.
14. Indemnity	Cash amount paid to the exporter by HBOR for the purpose of compensation of loss, to the maximum insured amount reduced by the retention. Before the payment of indemnity, the exporter is obliged to conclude with HBOR a recovery contract regulating their mutual rights and obligations relating to the recovery from the foreign buyer.
15. Waiting period	Time period lasting for 3 months that starts upon the expiry of the usual payment period. During this period, the exporter, in agreement with HBOR, undertakes the agreed activities for the purpose of reducing the loss.
16. Claim	The exporter submits the claim to HBOR upon the expiry of the waiting period. Exceptionally, in the event of bankruptcy of a foreign buyer, the exporter submits a claim immediately upon initiation of a bankruptcy proceedings, and in the case of settlement with the foreign buyer, the exporter submits a claim immediately upon negotiating the terms and conditions of the settlement.
17. Main obligations of the exporter	<ul style="list-style-type: none"> • To pay the insurance premium to HBOR. • To have no due receivables from the foreign buyer in accordance with the usual payment period at the moment of delivery of goods and/or services, • To perform deliveries and issue invoices to the foreign buyer in the period of insurance duration, • To report to HBOR in writing, within 15 days from the expiry of the usual payment period at the latest, the delay in payment on the part of the foreign buyer and to report the amount of uncollected receivables, • To immediately suspend further deliveries of goods and/or services to the foreign buyer that has not fulfilled its payment obligation within the usual payment period.

In the event that some terms in this Programme differ from those defined by the applicable General Terms and Conditions of the Insurance of Short-Terms Export Receivables for Small and Medium-Sized Entrepreneurs with Annual Income from Exports of up to EUR 2 million, the terms stated in the General Terms and Conditions shall apply.

The Programme is implemented in accordance with the HBOR Act, Ordinance on Export Insurance, the European Commission Communication to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance and the Decision of the European Commission, by which HBOR is allowed to provide export-credit insurance for temporarily non-marketable risks.

The Programme shall apply to applications received in HBOR from 1 January 2023 onwards.

The Programme will be implemented until 31 December 2024, with the possibility of extending the deadline for implementation.

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