HRVATSKA BANKA ZA OBNOVU I RAZVITAK

SUPPLIER CREDIT INSURANCE PROGRAMME
PO-KD-01/21

Why is it in place and what is it for?
HBOR for and on behalf of the Republic of Croatia performs the Supplier Credit Insurance Programme (hereinafter: the Programme) under export credit insurance operations with the aim of fostering the export of Croatian goods and services in cases where exporters sell their capital goods and services to foreign buyers with deferred payment.

In the case of export of capital goods and services, long-term deferral of payment is often contracted with buyers abroad, or payment is made within a certain period of time on the basis of issued interim invoices over a longer period of time. When arranging deferred payment, there is always a risk that the buyer will not pay for the goods or services upon maturity of the invoice, which may be a threat for the Exporter's liquidity. The reasons for such non-payment can be of commercial (buyer's bankruptcy or prolonged non-payment) or political nature (war, rebellion, revolution, moratorium on payments or similar government measures that prevent free payment, as well as force majeure). With the supplier credit insurance policy, Exporters can insure their cash receivables from Foreign Buyers against the risk of non-payment and thus transfer the stated risk of non-payment to HBOR as the Insurer. In addition to insuring the risk of non-payment (the so-called Credit Risk), the Programme also provides insurance against the loss that the Exporter would incur in case when it is unable to fulfil its obligations under the Export Contract (deliver goods/services), provided that non-performance is the sole consequence of the occurrence of either commercial risk, e.g. bankruptcy of the Foreign Buyer, cancellation of the Export Contract by the Foreign Buyer or political risk (so-called Manufacturing Risk).

Under the Programme, HBOR approves insurance coverage of up to 90%, and for debtors from the 6th and 7th categories of countries[1], as well as for transactions that HBOR estimates are riskier in terms of managing the quality of the insurance portfolio or due to the sum insured or the risk assessment of the foreign debtor etc., HBOR may approve coverage of less than 90%.

If the financing includes a bank that grants a loan to the Exporter that is paid to the Exporter upon delivery and repaid from foreign inflows after collection under the Export Contract (so-called supplier credit), then the right to indemnity under the insurance policy can be assigned to the bank that will, in case of the Foreign Buyer's non-payment, repay the loan from the indemnity under the insurance policy.

For repayment terms under the Export Contract of 2 or more years, the Programme is implemented in accordance with the applicable conditions of the Arrangement on Officially Supported Export Credits of the Organisation for Economic Cooperation and Development - OECD (hereinafter: the OECD Arrangement), which relate, inter alia, to the maximum allowable amount of loan (amount of the Export Contract with deferred payment), minimum required cash payment, i.e. advance payment, maximum allowed maturity and repayment dynamics, minimum premium rates, etc. (*https://www.oecd.org/trade/topics/export-credits/arrangement-and-sector-understandings/*).

In addition, such Export Contracts require compliance with the OECD Recommendation on Environmental and Social Due Diligence (applicable OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence - *https://www.oecd.org/trade/topics/export-credits/environmental-and-social-due-diligence/*), and in the case of Export Contracts with repayment terms longer than 1 year where Foreign Buyers come from low-income countries that are also public debtors or debtors with a state guarantee, and the OECD Recommendations on Sustainable Lending (applicable Recommendation on Sustainable Lending Practices and Officially Supported Export Credits - *https://www.oecd.org/trade/topics/export-credits/sustainable-lending/*).

[1] In accordance with the current HBOR classification of countries according to risk categories – categories from 1 to 7 (1 is the lowest and 7 the highest risk).

To whom is the Programme intended?
The Programme is intended for Exporters of goods and services of higher value, i.e. Exporters of capital goods, equipment, contractors of construction works etc., who have agreed deferred payment with Foreign Buyers under the Export Contract.
How is the insurance contracted?
Application for insurance is submitted to HBOR by an Exporter that has concluded an Export Contract with a Foreign Buyer. Upon the receipt of the application for insurance, the creditworthiness report of the Foreign Buyer and other data required for the insurance risk assessment, HBOR makes a decision on the approval of the insurance. In case of insurance approval, HBOR concludes an Insurance Contract with the Exporter.

An integral part of the Insurance Contract are the Application for Insurance with enclosures, Insurance Policy with enclosures, General Terms and Conditions on Insurance of Supplier Credit OU-KD-01/21 (hereinafter: General Terms and Conditions) containing the rights and obligations of the Insured and the Insurer and other written requirements and/or notifications of the Insured and written opinions on them by the Insurer, and for the inclusion of which in the Insurance Contract it is not necessary to conclude an addendum to the Insurance Contract. In the event of a discrepancy of certain provisions of the General Terms and Conditions or the information specified in the Application for Insurance from the Insurance Policy, the provisions of the Insurance Policy shall apply.

Also, it is possible to submit a request to HBOR for a non-binding or binding offer for insurance, generally before the conclusion of the Export Contract, i.e. in the phase of offering an export deal.

Advantages of insurance for the Exporter

- Protection against the risk of non-payment under the Export Contract
- Increasing the liquidity of the Exporter
- Increasing the competitiveness of the Exporter on foreign markets in case its Foreign Buyer requests the purchase of goods/services on credit
- Entering riskier export markets
- Collection of the Export Contract immediately upon delivery with the use of bank's loan
- Possibility to transfer the right to indemnity under the insurance policy to the bank, as loan collateral (endorsement/assignment)

The following are the basic terms and conditions of the Programme:

1. Basic terms and conditions of insurance	
Required documentation for insurance contracting	• Application for Insurance – a written request of the Insured submitted to the Insurer for the conclusion of the Insurance Contract and signed by the authorised representatives of the Insured with enclosures, including: – Creditworthiness report for the Foreign Buyer prepared by authorised agencies or official financial reports of the Foreign Buyer – Certificate from the Tax Administration on the balance of the Exporter's debt based on public contributions, issued not more than 30 days before the submission of the Application for insurance – Enclosures related to the implementation of OECD recommendations on environmental and social due diligence, as well as sustainable lending practices, if applicable – Exporter's statement
Insurance Contract	• Contract concluded between the Insurer and the Insured to insure the receivables against the occurrence of Credit Risk and/or Manufacturing Risk • The Insurance Contract consists of the General Terms and Conditions, the Insurance Policy with enclosures, the Application for Insurance with enclosures and other written applications and/or notifications of the Insured with comments on them by the Insurer in writing, for the inclusion of which in the Insurance Contract it is not necessary to conclude an addendum to the Insurance Contract
Currency of the Insurance Contract	• The Insured Sum is agreed in the currency of the Export Contract, unless otherwise agreed in the Insurance Policy • The Insurance Premium is calculated in the currency of the Insured Sum, and is charged in EUR equivalent amount at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the day of issuing the invoice by the Insurer, unless otherwise agreed in the Insurance Policy • The Indemnity is calculated in the currency of the Insured Sum, and is paid in EUR equivalent amount at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the day of payment, unless otherwise agreed in the Insurance Policy • Additional costs are calculated in the currency in which they arose, and are paid in EUR or in EUR equivalent amount at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the day of payment, unless otherwise agreed in the Insurance Policy • The amounts recovered by the Insured will be forwarded to the Insurer in the currency in which it collected them or in EUR equivalent amount at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the day of payment, unless otherwise agreed in the Insurance Policy
Costs of Insurance	• Insurance premium • Cost of creditworthiness report • Application processing fee (charged in accordance with the Ordinance on Fees for HBOR Services)

Insurer	•	Croatian Bank for Reconstruction and Development, for and on behalf of the Republic of Croatia
Insured	•	The Exporter that has concluded an Insurance Contract with the Insurer, and in addition to the Exporter, the Insured may also be an economic entity with its registered office in the Republic of Croatia if the Exporter is a subsidiary or related company in its majority ownership
Exporter	•	Exporter is any entity performing an economic activity, regardless of its legal form, which has concluded an Export Contract with a Foreign Buyer, and which has: - If it exports directly to the Foreign Buyer: headquarters in the Republic of Croatia or - If it exports indirectly to the Foreign Buyer: headquarters in the Republic of Croatia or abroad, if it is a subsidiary of a Croatian business entity or an affiliated company majority owned by the Croatian business entity
Export Contract	•	Export Contract is a purchase contract concluded in writing (including order and the 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. Export Contract may be considered a framework Export Contract, a subcontract or an order
Supplier Credit	•	Supplier Credit means the Exporter's monetary receivables from the Foreign Buyer under the Export Contract for which deferred payment has been agreed
Duration of Supplier Credit Risk	•	When goods and/or services under the Export Contract are delivered on a one-time basis or over a certain period of time, and the collection is contracted to take place after the last delivery, the duration of risk is calculated as the sum of duration of the Export Contract fulfilment period (from the day of conclusion of the Export Contract or from the day of conclusion of the Insurance Contract, if no deliveries have been made before the specified date) and the duration of the collection period of the Export Contract, until the final agreed maturity date (rounded to the full month).
	•	When goods and/or services under the Export Contract are delivered over a certain period of time, and successive collection with shorter collection deadlines of 2 years after the execution of each delivery is agreed, the duration of risk is calculated as the sum of the period between the day (agreed or expected) of delivery (or the day of conclusion of the Insurance Contract, if no deliveries have been made before under the Export Contract) until the maturity date (agreed or expected) of payment of an individual delivery. If there are multiple deliveries, the calculation is based on the average or longest duration of the risk.
Foreign Buyer	•	Foreign Buyer is 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
Importing Country	•	Importing Country may be a country deemed acceptable by the Insurer
	•	When considering the eligibility of the Importing Country, the Insurer will take into account, among others, whether sanctions,

	moratoriums on payments and similar prohibitions have been imposed on the state that could affect the fulfilment of obligations under the Export Contract and/or prevent insurance due to applicable regulations
Domestic (Croatian) share, foreign share, local costs	• As HBOR performs export credit insurance transactions for and on behalf of the Republic of Croatia, the precondition of at least 40% value of Croatian share in the goods and services for which coverage is requested under export contract is one of the essential preconditions for the approval of insurance in accordance with the Export Credit Insurance Regulation • For goods and services with the Croatian share lower than 40%, it is necessary to determine whether the export contract generates income in the Republic of Croatia, whether it is an export product that is given a certain added value in the Republic of Croatia, e.g. additional knowledge, or goods are exported by Croatian companies that in that way generate income in the Republic of Croatia, contribute to employment in the Republic of Croatia or in other ways contribute to the growth and interests of the economy of the Republic of Croatia • If the foreign share in Export Contracts, in which Croatian exporters participate with entrepreneurs from other countries, is higher than the share eligible for HBOR's insurance, insurance can still be realised through HBOR's cooperation with other export credit agencies from countries of other entrepreneurs, which then assume the risks of their exporters through a reinsurance model • Local costs represent the value of goods and services in the country of the foreign buyer that are necessary for the fulfilment of the export contract. The largest share of local costs in the export contract with agreed repayment periods of 2 and more years that can be included in insurance coverage is determined in accordance with the OECD Arrangement on Officially Supported Export Credits. Local costs do not include commissions paid to exporter's intermediary in the importing country
Retention	• share of the Insured in the Loss expressed as a percentage (10%), unless otherwise provided for in the Insurance Policy
Credit Risk	• Credit Risk is an 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
Manufacturing Risk	• Manufacturing Risk is an 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
Insurance Premium	• Insurance Premium is the amount of money collected by the Insurer for the risk assumed under the Insurance Contract • The Insurer determines the amount and the method of calculation and payment of the Insurance Premium, and 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 • The calculation and payment of the Insurance Premium can be:

	– 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 • The Insurer may recalculate (increase or decrease) 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 • 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
Loss	• Loss expressed in 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
Indemnity	• Indemnity is an amount of money that the Insurer pays to the Insured as compensation for the Loss incurred by the Insured as a result of the occurrence of the Insured Event • The amount of Indemnity may not be higher than the Insured Sum stated in the Insurance Policy and is calculated as the amount of the Loss, up to the Insured Sum, less the agreed Retention
Claim	• 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 • 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.

- **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.
- 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.
- 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
- The Insurer is obliged to comment on the justifiability of the Claim **within 30 days from the day of receipt** of the complete Claim
- 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
- 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 the applicable 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 and
  - The Insured has fulfilled other obligations under the Insurance Contract
- 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
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: – 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, – 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
Additional Costs	• These are 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 • Additional Costs shall be restored to the Insured after having been claimed from the Insurer in accordance with the **Percentage of Coverage**, 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. 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 • 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
Percentage of Coverage	• 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%}
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
Transfer of rights and obligations under Insurance Contract	• 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 • 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. The transfer does not affect the existence of the Insured's obligations due to the Insurer under the Insurance Contract
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
Cancellation of the Insurance Contract	• 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. • The Insured has the right to cancel the Insurance Contract by waiving all its rights under the Insurance Contract.
2. Provisions related to the insurance of Credit Risk	
Subject Matter of Insurance	• 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 in accordance with the agreed payment deadlines, if so provided for in the Insurance Policy. • 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
Insured Sum	• Insured Sum is the insured amount of Exporter's receivables from the Foreign Buyer • Insured Sum may: – Include 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; – Include contractual regular interest under the Export Contract accrued until the maturity date of the insured principal referred to in the previous subparagraph in accordance with the agreed payment deadlines, if so provided for in the Insurance Policy • In case of Export Contracts with a contractual repayment period of 2 or more years, the Insured Sum and the repayment terms and conditions must comply with the terms and conditions of the OECD Arrangement • In case of Export Contracts with a contractual repayment period of up to 2 years, the Insured Sum may be up to 100% of the Export Contract value • In case of continuous deliveries of goods and/or services under the Export Contract, the Insured Sum may be equal to the amount of the highest exposure of the Exporter to the Foreign Buyer (with deferred payment)
Insured Event	• Harmful event caused by the Insured Risk, and the Insured may file a Claim on the occurrence of the Insured Event • 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: - 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; - 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 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:

	- 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
Insured Risks	• 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: – 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); – 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: – 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); – 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)
Waiting Period	• 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 the commercial or political insured risk. The Waiting Period does not apply to the commercial risk – insolvency de jure or de facto. If the Insurer, in accordance with the best practice, depending on the features of the export transaction, assesses that it would be more appropriate to contract a longer Waiting Period (e.g. due to an increased risk of the importing country or Foreign Debtor, as well as in case of more probable collection of Exporter's receivables, agreement/ rescheduling with the Foreign Buyer, etc. in the period before the submission of the Claim), it may offer to the Insured and, with its acceptance, agree on a longer Waiting Period
Premium Rates	• Methodology for the Calculation of Premium Rates for the Insurance of Short-Term Export Receivables and the corresponding calculator are used to calculate premium rates in case of Credit Risk insurance with the Supplier Credit Risk Duration shorter than 2 years • Premium system for the insurance of export receivables in case of export of capital goods and services and the corresponding calculator (Module 2) are used to calculate premium rates in case of Credit Risk insurance with the Supplier Credit Risk Duration of 2 years and more
Calculation of	• The Insurer can calculate the Insurance Premium:

insurance premium	– By applying the premium rate to the Insured Sum (the amount of the Export Contract less advance/cash payments or less deliveries not covered by insurance) or – By applying the premium rate to the amount of deliveries of goods/services under the Export Contract reported to the Insurer that were performed during the period of the Duration of Insurance in accordance with the Export Contract;
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 execution of Insurance Contract if the preconditions provided for in the Insurance Contract are met • The Insurer may determine that the Duration of Insurance starts from: – The date of execution/coming into force of the Export Contract, – The date of start of the performance of the Export Contract or – The date of each partial performance of the Export Contract (individual deliveries of goods and/or services), if the Exporter is authorised to receive a monetary amount that corresponds to the value of the performed Export Contract, in accordance with the terms and conditions of the Export Contract and if all preconditions provided for in the Insurance Contract are met – The date of execution/coming into force of the Insurance Contract or another date provided for in the Insurance Contract • The Insurer may determine that the Duration of Insurance ends by: – The date of completion of the performance of the Export Contract, – The date of the agreed maturity of the last payment under the Export Contract or – Another date provided for in the Insurance Contract • In case of occurrence of the Insured Risk, the Insurer has the right to shorten the period of the Duration of Insurance and to cancel the coverage of further deliveries to the Foreign Buyer
3. Provisions related to the insurance of Manufacturing Risk	
Manufacturing Costs	• Direct and overhead costs necessary in the manufacturing process 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
Subject Matter of Insurance	• 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. • 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
Insured Sum	• The amount of calculative costs of the manufacturing of export goods/services, up to the amount of Export Contract total value reduced by advance payment and expected profit
Insured Event	• Harmful event caused by the Insured Risk, and the Insured may file a Claim on the occurrence of the Insured Event • Insured Event in case of Manufacturing Risk occurs in one of the following cases: 1. For commercial risks, whichever occurs first: — Upon expiry of the Waiting Period for Manufacturing Risk, during which the Foreign Buyer is not able to deliver goods and/or services under the Export Contract or the performance has been cancelled; — 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 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: — 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
Insured Risk	• 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: — 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: — 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); — 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)
Loss	• For Manufacturing Risk, it is calculated based on the amount of actual Manufacturing Costs incurred by the Exporter in connection with the manufacturing of goods and/or performance of services under the Export Contract, which was not delivered and invoiced to the Foreign Buyer
Waiting Period	• 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
Premium Rates	• Premium system for the insurance of export receivables in case of export of capital goods and services (Module 1) is used to calculate premium rates in case of Manufacturing Risk insurance
Calculation of insurance premium	• The Insurer calculates the Insurance Premium by applying the premium rate to the Insured Sum
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 • The Insurer may determine that the Duration of Insurance starts from: — The date of execution/coming into force of the Export Contract, or — The date of start of the manufacturing process under the Export Contract if all preconditions provided for in the Insurance Policy are met — Another date provided for in the Insurance Contract • The Insurer may determine that the Duration of Insurance ends by: — The contractual date of performance (partial or complete) of the Export Contract, or — Another date provided for in the Insurance Contract • In case of occurrence of the Insured Risk, the Insurer has the right to shorten the period of the Duration of Insurance and to cancel the coverage of further Manufacturing Costs