HBOR
HRVATSKA BANKA ZA OBNOVU I RAZVITAK

PROGRAMME FOR THE INSURANCE OF BUYER CREDIT
PO-KK-01/22

Why is it in place and what is it for?

HBOR implements the Programme for the Insurance of Buyer Credit (hereinafter: the Programme) under its export credit insurance operations for and on behalf of the Republic of Croatia with the aim of encouraging the export of Croatian goods and services in cases where a deferral of payment, i.e. a financial credit is a condition for the Foreign Buyer to enter into an export transaction with the Exporter, which is most often the case with the export of capital goods, equipment of higher value, construction works and similar.

Buyer Credit, which can have the repayment period of more than 10 years, enables the Foreign Buyer to repay the purchased goods and/or services over a longer period, and enables the Exporter to collect payment immediately upon delivery, as the loan funds are paid directly to the Exporter after the delivery. Since these are very often loans with longer maturities and often to foreign buyers in the countries with increased risk, financial institutions are sometimes not in a position to approve such loans. Therefore, the insurance policy for a buyer credit, issued by HBOR, serves as collateral to the creditor, because by issuing the insurance policy, HBOR assumes the risk of loan repayment, which makes the approval of such loans acceptable to financial institutions.
The reasons for non-payment of loan can be of commercial (bankruptcy or prolonged non-payment of the Borrower and/or the Guarantor) or political nature (war, rebellion, revolution, moratorium on payments or similar government measures preventing or deferring free payment, as well as force majeure).

To whom is the Programme intended?

The Programme is intended for all exporters in cases when the Foreign Buyer requires a financial loan from a financial institution as a basic condition for concluding an export transaction, and for financial institutions that support exporters when entering foreign markets or support the business of a Foreign Buyer and approve loan to foreign buyers or buyers' banks. The Insured under the Programme is a financial institution that approves a Buyer Credit (hereinafter: the Financial Institution).

International rules

For loan repayment periods of the Buyer Credit of 2 or more years, the Programme is implemented in accordance with the current terms of the Arrangement on Officially Supported Export Credits of the Organisation for Economic Cooperation and Development - OECD (hereinafter: the OECD Arrangement)[1], which represents the framework for transparent and uniform operations by state export credit agencies, the provisions of which are binding and directly applicable in the European Union member states for all export credit insurance policies with state aid and with a repayment period of two or more years.
The OECD Arrangement prescribes the conditions under which the state may provide export credits by defining a number of elements, such as, for example, the maximum allowed amount of loan depending on the type of goods being exported, the minimum required cash payment or advance payment under the Export Contract, the longest allowed maturity and loan repayment dynamics, the minimum premium rates etc.

In addition, in case of the Buyer Credit insurance, when analysing the eligibility of insurance, HBOR acts in accordance with the current Ordinance on the Implementation of the OECD Recommendations on Environmental Protection and Social Impact and Sustainable Export Credits and the Ordinance on the Implementation of the OECD Recommendation of the Council on Bribery and Officially Supported Export Credits[2].

[1] https://www.oecd.org/trade/topics/export-credits/arrangement-and-sector-understandings/
[2] Published on HBOR web page https://www.hbor.hr/odrzivost/

How is insurance contracted?

Financial institution fills in the Application for Insurance, whereas some attachments are filled in by the Exporter. The complete Application for Insurance with all data and attachments, including the creditworthiness report of the Foreign Buyer and other data necessary for the assessment of the insurance risk is submitted to HBOR by the Financial institution. Upon the receipt of the application, and after the risk analysis and assessment, HBOR makes a decision on the approval of insurance. In case of insurance approval, HBOR signs an Insurance Policy and concludes an Insurance Contract with the Financial institution.

Before contracting a Buyer Credit, the Financial institution may submit a request to HBOR for a non-binding or binding offer for insurance.

Also, in addition to the Buyer Credit insurance, the Exporter may also request the **insurance of Manufacturing Risk** for the Export Contract under the current General Terms and Conditions on Insurance of Supplier Credit (most often if the subject matter of the Export Contract are goods manufactured by special order), where the subject matter of insurance are actual costs incurred in the process of manufacturing of the respective goods.

There is no legal title to obtain insurance, and HBOR makes a separate decision on each Application for Insurance.

Advantages of contracting the insurance

a) For the Exporter:
- Protection against the risk of non-payment under the Export Contract,
- Collection of the Export Contract immediately upon delivery, from the Buyer Credit,
- Increasing the liquidity,
- Increasing the competitiveness in foreign markets,
- Easier entering into riskier export markets.

b) For Financial institution (the Insured):
- Increasing the ability to monitor the existing and new clients,
- The insurance policy is a high-quality and affordable security instrument of intangible credit protection[3],
- Lower exposure of the Financial institution to borrowers (exposure to the state, given that the Insurance Policy is issued for and on behalf of the Republic of Croatia),
- Payment of Indemnity within a short period of time (up to 45 days from the receipt of the complete Claim to the payment of the Indemnity).

Basic Terms and Conditions of the Programme

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 attachments, including, but not limited to: – Status and financial documentation of the Foreign Buyer and guarantors (if any), – Assessment of acceptability of the credit risk of the Foreign buyer and guarantors (if any), with a projection of the loan disbursement and loan repayment plan, – Questionnaire about the Exporter and export transaction,

[3] Pursuant to Article 213 of the Regulation (EU) No. 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012

	– Attachments related to the application of the OECD recommendations that are applicable to export transaction, – Exporter's statements about: ▪ The accuracy and truthfulness of data specified in the attachment to the Application for Insurance filled in by the Exporter, ▪ Protection of personal data, ▪ Giving consent for the protection of data, ▪ Compliance with anti-bribery regulations in international trade, ▪ Absence of any criminal records, ▪ Compliance with the Exporter's obligations under the Insurance Contract, – Other information and documents that the Insurer deems necessary for the assessment of insurance eligibility, such as: ▪ DSCR projection[4], ▪ Business plan with cash flow projection, as well as a stress test of the project business plan and the analysis of the respective market of the business activity, ▪ Document of the assessment of collateral under the Buyer Credit, ▪ Legal opinions on foreign laws and enforceability of collaterals (if the Buyer Credit and/or the Export Contract are contracted under foreign law), ▪ Other expert opinions (e.g. analysis of the business plan made by an independent expert etc.)
Insurance Contract	• Contract concluded between the Insurer and the Insured to insure the cash receivables of the Insured from the Borrower under the Buyer Credit • 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 • In the case of contracting provisions in the Insurance Policy that differ from the provisions of the General Terms and Conditions or information specified in the Application for Insurance, the provisions of the Insurance Policy shall apply
Currency of the Insurance Contract	• The Insured Sum is agreed in the currency of the Buyer Credit, unless otherwise provided for in the Insurance Policy • Insurance Premium is calculated in the currency of the Insured Sum and is collected in the currency of the Insured Sum or in EUR equivalent amount at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the date the invoice is issued by the Insurer, unless otherwise provided for in the Insurance Policy • Indemnity is calculated in the currency of the Insured Sum and is paid in the currency of the Insured Sum or in EUR equivalent amount at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the date of payment, unless otherwise provided for in the Insurance Policy

4 *Debt-service coverage ratio* – debt coverage ration as an indicator of measuring the cash flow available for the payment of the debtor's current obligations.

	• Additional Costs are calculated in the currency in which they arise and are paid in the currency in which they arise or in EUR equivalent amount at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the date of payment, unless otherwise provided for in the Insurance Policy • Amounts recovered by the Insured shall be transferred to the Insurer in the currency in which they are recovered or in EUR equivalent value at the middle exchange rate of the Croatian Bank for Reconstruction and Development on the date of payment, unless otherwise provided for in the Insurance Policy
Costs of Insurance	• Insurance premium • Application processing fee (charged in accordance with the Ordinance on Fees for HBOR Services)
Insurer	• HBOR – Croatian Bank for Reconstruction and Development, for and on behalf of the Republic of Croatia
Insured	• Financial institution with headquarters in the Republic of Croatia or abroad as loan provider that has entered into a Buyer Credit with the Borrower, and the Insurance Contract with the Insurer
Export	• 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 and joint business venture of a Croatian and foreign economic entity
Exporter	• Croatian business entity that exports directly or indirectly (through branches or affiliated companies in the Republic of Croatia or abroad, which are in its majority ownership) and which has concluded an Export Contract with the foreign buyer
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
Buyer Credit	• Loan contract for a specified purpose between the Insured and one or several Borrowers that is used for financing the Export Contract and on the basis of which the Insured, on behalf of the Foreign Buyer or the Borrower, respectively, undertakes to pay funds in favour of the Exporter for duly performed obligations under the Export Contract, and the Borrower undertakes to repay the loan under the Buyer Credit
Borrower	• Foreign Buyer or Foreign Bank that may be: – Public debtor: any entity of state or public authorities which cannot, judicially or administratively, be declared insolvent, or – Private debtor: the debtor that is not considered a public debtor
Guarantor	• One or several legal entities or natural persons guaranteeing the payment of monetary obligations of the Borrower under the Buyer Credit (including, but not limited to the guarantor, warrantor, guarantor-payer, co-debtor) in accordance with the terms set forth in the Guarantee;

Guarantee	• Security instrument for receivables drawn up in writing (including, but not limited to, a warranty, guarantee or co-debtorship) by which the Guarantor undertakes to meet the monetary obligations of the Borrower under the Buyer Credit in accordance with the terms and conditions set forth in the Guarantee, which is sound, valid, legal and binding and represents an irrevocable and unconditional obligation of the Guarantor, payable upon first call and enforceable in accordance with the provisions of the Guarantee itself;
Foreign Buyer	• One or several entities performing an economic activity, regardless of the legal form, with headquarters abroad and with which the Exporter has concluded an Export Contract
Foreign Bank	• One or several financial institutions with headquarters abroad which is(are) a debtor under the Buyer Credit from which the Export Contract is financed
Importing County	• Country assessed as acceptable by the Insurer • When considering the acceptability of the importing country, the Insurer will, among others, take into account whether sanctions, moratoriums on payments and similar bans have been initiated against the country or are in the process of being initiated against the country, which could have an impact on the fulfilment of obligations under the Export Contract and/or the Buyer Credit, which prevent insurance due to the current 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 in the Export Contract financed from the Buyer Credit is one of the essential preconditions for the approval of insurance in accordance with the Export Credit Insurance Regulation[5] • 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 of the Buyer Credit can still be realised through HBOR’s cooperation with export credit agencies from countries of other entrepreneurs, which then assume the risk of repayment of the Buyer Credit through a reinsurance model, in accordance with the share of exporters in the export transaction • 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 financed out of the Buyer Credit is determined in accordance with the OECD Arrangement
Subject Matter of Insurance	• Monetary receivables of the Insured from the Foreign Buyer under the Buyer Credit in respect of: – The loan principal, which may be increased by the Insurance Premium, if so agreed in the Insurance Policy and

[5] Narodne Novine, the Official Gazette of the Republic of Croatia No. 53/20 of 30 April 2020

	– Contractual regular interest that include interest during the disbursement period and interest during the grace period • Subject matter of insurance are not receivables in respect of statutory penalty interest, fees, contractual penalties or any other costs under the Buyer Credit or in connection with the Buyer Credit • In case of the Indemnity payment to the Insured prior to contractual maturities under the Buyer Credit, the Indemnity shall not cover contractual regular interest to which the Insured would have been entitled had the loan been repaid in accordance with the contractual terms of the Buyer Credit, which would have matured after the payment of the Indemnity
Insured Sum	• Represents the insured amount of the Insured's receivables from the Borrower, and includes the principal and contractual regular interest (including the interest during the disbursement period and interest during the grace period) under the Buyer Credit
Insured Event	• Harmful event caused by the Insured Risk, where the occurrence of the Insured Event is a precondition for submission of a Claim by the Insured • Insured Event occurs by realisation of one of the following cases, when the Insured, after the agreed maturity of receivable under the Buyer Credit that is the Subject Matter of Insurance, does not collect the receivable either from the Borrower or from the Guarantor (in case when a Guarantor is contracted under the Buyer Credit, the Insured Event arises only when it is determined that the receivable has not been collected even after the Insured has called the Guarantor for payment in accordance with the terms and conditions specified in the Guarantee), and all provided that the non-payment is the sole consequence of the occurrence of the agreed Insured Risk: 1. For commercial risks: ▪ Upon expiry of the Waiting Period, during which the Borrower has not made the payment of obligations under the Buyer Credit, or ▪ On the day when the decision made by a competent body on the initiation of pre-bankruptcy, bankruptcy or liquidation proceedings against the Borrower, becomes final, i.e. any other procedure which, in accordance with the relevant regulations of the country of the Borrower, may be considered identical to these procedures, whereby the Waiting Period does not apply and the Insured is obliged to submit to the Insurer acceptable evidence on the initiation of a pre-bankruptcy, bankruptcy or liquidation proceedings, i.e. other proceedings identical to these proceedings against the Borrower; whereby the one of these two events which occurs earlier will be taken into account. 2. For political risks: ▪ Upon expiry of the Waiting Period, during which the Borrower has not made the payment of obligations under the Buyer Credit, where the Insured is obliged to submit to the Insurer evidence on the occurrence of the agreed Insured Risk
Insured Risks	• The Insured Risk occurs on the maturity of the monetary receivables that are the Subject Matter of Insurance. • The Insured Risk can be realised as: 1. Commercial risk:

	▪ Insolvency of the Borrower, de jure or de facto – inability to pay on the part of the Borrower and/or the Guarantor (if any), where the Borrower is a private debtor (KRK1), ▪ Extended non-payment on the part of the Borrower – non-payment, i.e. non-performance of obligations by the Borrower and/or the Guarantor (if any) upon the maturity of payment obligations under the Buyer Credit as well as until the expiration of the Waiting Period (KRK2) 2. Political risk: ▪ Decision of a third country, moratorium, prevention or delay of transfer of funds, regulations of the country of the Borrower, decision of the Republic of Croatia or the country of the Insured preventing payment under the Buyer Credit or force majeure, where the Borrower is a private or a public debtor (PRK1), ▪ Extended non-payment on the part of the Borrower – non-payment, i.e. non-performance of obligations by the Borrower and/or the Guarantor (if any) upon the maturity of payment obligations under the Buyer Credit as well as until the expiration of the Waiting Period, where the Borrower is a public debtor (PRK2)
Retention	• The share of the Insured in the Loss expressed as a percentage stated in the Insurance Policy and which, unless otherwise provided for in the Insurance Policy, amounts to 5% of the Loss amount
Premium Rate	• The Premium Rate reflects the price of the insurance for the assumed risks expressed as percentage • The level of the Premium Rate is affected by: risk category of the Importing Country, risk category of the Foreign Buyer/Borrower/Export Project determined on the basis of financial and non-financial data, Duration of Insurance (Buyer Credit), level of insurance coverage
Insurance Premium	• The amount of money charged by the Insurer to the Insured for the risk taken under the Insurance Contract • The amount and method of calculation and payment of the Insurance Premium is determined by the Insurer • The Insurance Premium shall be calculated for the entire period of the Duration of Insurance by applying the premium rate to the principal amount of the Buyer Credit and is usually charged one-off on the occasion of the execution of the Insurance Contract. The Insurance Premium can also be charged in instalments, where the last instalment must be collected before the start of the loan repayment period, unless otherwise determined in the Insurance Policy • The Insured shall pay 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 statutory penalty interest for the period from its maturity until payment • The Insurance Premium can also be paid from the funds approved through the Buyer Credit and it can be included (capitalised) in the loan principal if so provided for in the Insurance Policy • 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 Buyer Credit has not entered into force, or ▪ the disbursement of funds under the Buyer Credit has not commenced even partially before the expiry of the disbursement period, in which case the Insurer shall return the collected Insurance Premium reduced by the amount determined in accordance with the valid premium price list of the Insurer; – in the event of the termination of the Insurance Contract by mutual agreement at least one year before the expiry of the Duration of Insurance if the Buyer Credit: ▪ has been disbursed partially or in full, or ▪ has been prematurely repaid in full, in which case the Insurer shall recalculate the Insurance Premium in accordance with the actual duration of insurance and the outstanding amount of the principal of the Buyer Credit, in accordance with the same methodology and assumptions for the calculation of the Insurance Premium which were valid at the time of the Insurer's decision on insurance of the Subject Matter of Insurance. The Insurer shall return to the Insured the amount representing the difference between the collected and recalculated amount of the Insurance Premium, reduced by 0.2% of the amount of that difference • The Insurer shall neither calculate nor charge an additional Insurance Premium in the case of non-material amendments to the Buyer Credit as well as in the case of extensions of repayment periods under the Buyer Credit agreed between the Insurer and the Insured in order to reduce potential Loss
Duration of Insurance	• The Duration of Insurance is set forth in the Insurance Policy • The Insurer may decide that the start of the Duration of Insurance begins: – on the date of execution/coming into force of the Buyer Credit, – upon the moment of payment of the insurance premium, – upon the first disbursement of the Buyer Credit, • From the date of execution/coming into force of the Insurance Contract or another date set forth in the Insurance Contract, the Insurer may determine that the Duration of Insurance lasts until: – the date agreed as final maturity of the Buyer Credit, – the date of the entire repayment of the loan, – another date set forth in the Insurance Contract • Insurance may terminate earlier than the end of the Duration of Insurance set forth in the Insurance Policy in the case of: – making a decision of the Insurer on the payment of the total Indemnity, – termination of the Insurance Contract in accordance with the General Terms and Conditions
Recovery Contract with the Exporter	• When providing insurance of Buyer Credit, HBOR in principle also covers the risk of good performance of the work on the part of the Exporter. The risk of good performance of the work includes non-performance, i.e. partial performance or incorrect performance of the Export Contract, which may result in the debtor's (Foreign Buyer's) refusal to fulfil the obligation of payment under the insured Buyer Credit, in which case HBOR could be

	obliged to pay the Indemnity to the Insured under the terms and conditions determined in the Insurance Contract. In cases where HBOR assesses that the risk of good performance of the work on the part of the Exporter is increased, HBOR may, as a condition for issuing the Insurance Policy, require the execution of a Recovery Contract with the Exporter and/or the acquisition of additional collateral from the Exporter in order to reduce the respective risk. • Under the Recovery Contract between the Insurer and the Exporter, the Exporter undertakes, at the invitation of the Insurer, to refund the amount of the Indemnity and/or Additional Costs paid by the Insurer to the Insured under the Insurance Contract in the event that, despite the existence of the obligation of the Borrower and the Guarantors (if they are contracted in the Loan Contract) to repay the Buyer Credit regardless of the performance of the Export Contract, the Borrower and the Guarantors (if they are contracted in the Loan Contract) do not perform the obligations under the Buyer Credit due to the objections relating to the due fulfilment of the Exporter's obligations under the Export Contract and when: – it has been determined by a final court decision that the Exporter has not duly fulfilled its obligations under the Export Contract, and/or – the Exporter has not complied with the minimum Domestic Share in the Export Contract (if it is contracted), and the Insurer has not collected the recovery payment under the Buyer Credit.
Special Obligations of the Exporter	• Special obligations of the Exporter have been determined in the *Statement on Compliance with the Exporter's Obligations under the Insurance Contract* that is part of the enclosure to the Application for Insurance completed by the Exporter, and they are as follows: – at the request of the Insurer, and after the conclusion of the Insurance Contract between the Insurer and the bank of the Insured, to conclude the Recovery Contract with the Insurer, without delay, and to submit to the Insurer in writing all details on the performance of the Export Contract, which in particular includes the wording of the Export Contract itself and other documents and notifications regarding the Export Contract and the Recovery Contract, – to inform the Insurer in writing of all circumstances it becomes aware of, which could jeopardise the orderly performance of the Export Contract and/or Recovery Contract, and in particular to inform the Insurer of any non-compliance with the deadlines for the performance of the Export Contract on the part of the Exporter, – at the request of the Insurer, to suspend the performance of the Exporter's obligations under the Export Contract, which in particular relates to the suspension of the delivery of goods and the rendering of services to the Foreign Buyer immediately upon the delay on the part of the Borrower relating to the payment and other obligations under the Export Contract
Waiting Period	• Time period after the expiration of which the Insured is entitled to submit a Claim and which lasts for 3 months from the maturity date of the monetary receivable under the Buyer Credit that the Insurer has not collected from the Borrower due to the occurrence of any of the Insured Risks. The Waiting Period does not apply to the commercial risk of insolvency, de jure or de facto

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
Indemnity	• Monetary amount 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 the Indemnity is calculated as the amount of the Loss up to the maximum amount of the Insured Amount stated in the Insurance Policy less the Retention
Claim	• Written request for the payment of the Indemnity submitted by the Insured to the Insurer no later than one year after 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, indisputability and maturity of the Subject Matter of Insurance, realisation of the Insured Risk, amount and 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 such as: loan contract (Buyer Credit), Export Contract, excerpt from the business books of the Insured with the total amount of overdue receivables under the Buyer Credit, calculation of interest under the Buyer Credit, repayment schedule of the Buyer Credit, information and evidence on payments received from the Borrower, information on the distribution of payments, copies of documents on collateral, information on actions taken to reduce the Loss, in the case of bankruptcy of the Borrower – evidence of initiation of bankruptcy proceedings, evidence of confirmation of the receivables in bankruptcy proceedings, etc. • The existence and maturity of the receivables under the Buyer Credit shall be proven by a signed excerpt (signed by persons authorised to represent the Insured in accordance with the internal authorisations of the Insured) from the business books of the Insured. • If the Insurer determines that the submitted Claim does not contain the documentation required by the Insurer and/or that additional documentation is required to assess the Claim, the Insurer shall, within 30 days from the date of receipt of such incomplete Claim, ask the Insured to supplement it • 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 Insurer is obliged to comment on the justifiability of the Claim within 30 days from the date of receipt of the complete Claim • The Claim shall be accepted if: – Insured Risk has occurred and – Insured Event has occurred and – Loss has occurred on the basis of the agreed Subject Matter of Insurance and – The Insured has submitted the Claim and has submitted the appropriate documentation in accordance with the provisions of the General Terms and Conditions and

	– The Insured has paid the Insurance Premium no later than within a reasonable time after the due date indicated in the Insurance Premium invoice and – In the Application for Insurance, the Insured has stated completely and accurately all information required by the Insurer for the assessment of insurance risk, to the extent described in the General Terms and Conditions and – The Insured has fulfilled other obligations under the Insurance Contract to the extent described in the General Terms and Conditions • The Insurer shall accept the Claim and pay the Indemnity, partially or in full, if the non-fulfilment of certain obligations under the Insurance Contract by the Insured it assesses as non-material, or if such non-fulfilment, as assessed by the Insurer, had no significant impact on risk assumption, extent and amount of the occurred Loss as well as the possibility of recovery
Maturity of Indemnity and Compensation for Additional Costs	• Should the Claim be accepted, provided that the Insured has concluded the Recovery Contract, the Insurer shall pay the Indemnity and/or the Additional Costs: – For the receivables that become due under the Buyer Credit before the acceptance of the Claim – within 15 days from the acceptance of the Claim – For the receivables that become due under the Buyer Credit after the acceptance of the Claim – in the initial maturities of the receivables under the Buyer Credit – If the entire outstanding receivables under the Buyer Credit are due prematurely owing to contracted or legal provisions – in the maturities of the receivables under the Buyer Credit that were specified in the Application for Insurance at the moment of executing the Insurance Contract, or in other maturities of these receivables to which the Insurer agreed • With respect to the maturity deadlines determined above, the Insurer reserves the right to make a different decision
Additional Costs	• The costs incurred solely as a result of actions taken to reduce or avoid the occurrence of the Loss and for the purpose of collecting the receivables that are the Subject Matter of Insurance, before or after the payment of the Indemnity, and to which the Insurer has agreed in writing • The 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 have been taken after having received the instructions or the consent of the Insurer in accordance with the General Terms and Conditions 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 the share with which the Insurer participates in Additional Costs and of the percentage of inflows from the collection under the Buyer Credit that belongs to the Insurer.

	• The Percentage of Coverage is calculated in the manner that the amount of calculated Indemnity 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 Collection	• The Recovery Contract is the 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 Buyer Credit and the Insurance Contract • The Recovery Collection is generally conducted by the Insured for the entire receivables under the Buyer Credit (its and the Insurer's receivables), and the Recovery Collection under all collateral instruments is divided in accordance with the Percentage of Coverage (pro rata)
Transfer of Rights and Obligations under Insurance Contract	• The Insurer and the Insured may not transfer the rights and obligations under the Insurance Contract to other persons 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 obligations of the Insured towards 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 assets relating to the Buyer Credit 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
Termination of Insurance Contract	• 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 and the terms and conditions of termination will be determined • 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 maturity date indicated by the Insurer • The Insurer may, through a written statement to the Insured, maintain the Insurance Contract in effect, but with the adjustment of the terms and conditions of the Insurance Contract to the new situation at its own discretion • The Insured has the right to cancel the Insurance Contract and, in case of such cancellation, it shall be considered that the Insured has waived all its rights under the Insurance Contract, including the right to a refund of the amounts paid to the Insurer under the Insurance Contract

All terms in this Programme written with first capital letters have the same meanings as defined in the General Terms and Conditions.